

FINANCIAL TIMES

Weekend FT

The birth of the leisure ethic

SECTION II

World Business Newspaper

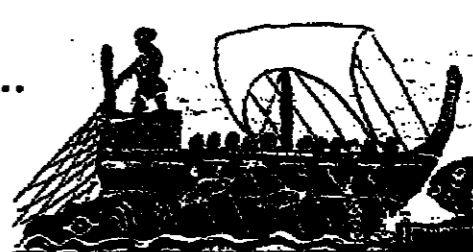
WEEKEND JUNE 22/AUG 23 1996



Goran Ivanisevic:
The ace from Croatia



Pleasures of
Greek cuisine



American Airlines deal with BA may face merger probe

The alliance between American Airlines and British Airways suffered a potential setback when John Bridgeman, director-general of the UK's Office of Fair Trading, said the tie-up amounted to a merger which might have to be investigated by the Monopolies and Mergers Commission. Both airlines said they were happy for their proposed alliance to be investigated. Page 22 and Lex

Seagate fights \$300m Amstrad damages suit

Amstrad, the UK-based consumer electronics group, resumes a \$200m (\$306m) battle for damages at the High Court in London next week in a dispute with one of the world's leading computer component manufacturers, Seagate Technology. Amstrad claims Seagate supplied it with faulty hard disk drives for its computers in 1988 and 1989. Page 4

Lloyd's of London warned it may have to exclude US Names from the insurance market's recovery plan, which includes a £3.1bn (\$4.7bn) out-of-court settlement offer. Page 22

Stocks in UK down after subdued week

A survey by the Confederation of British Industry, which gave further evidence of a slowing UK economy, lifted gilts but had no significant effect on equities. Despite predictions, the expiry of FT-SE 100 and FT-SE Mid 350 futures and FT-SE 100 index options failed to excite the market. The FT-SE 100 index closed down 5.2 on the day at 3,723.3. In a week affected by a series of national sporting events, the index fell 31.3 points. Page 19; Lex, Page 22; Markets, Weekend FT Page XX

Railtrack starts roadshows for bonds: Railtrack, the newly privatised rail company which owns track, signalling and stations in England, Wales and Scotland, began investor roadshows for the sale of two bonds worth £225m. Page 6

Walt Disney has reinforced its ABC television management by appointing as president of ABC Entertainment Jamie Tarses from NBC, the leading US TV network. Page 5; Warner opens animation studio. Page 4; Screened for viability. Page 9

Davy International executive ousted: Davy International, part of Kraemer, the Norwegian engineering and shipbuilding group, has dismissed a senior executive for allegedly leaking confidential contractual and technical information to VAI, the Austrian civil engineering company. Page 5

Eurotunnel is meeting with banks ahead of its annual meeting in Paris next week in an attempt to agree a refinancing plan, expected to involve the banks swapping part of their £8.5bn (\$13bn) debts for an equity stake in the company. Page 6

Appointments at Italian electric giant: Italy's centre-left government appointed an environmentalist and former communist as chairman of Enel, the state-owned electricity company, and prepared to replace its chief executive with a noted cost-cutter recruited from Silvio Berlusconi's publishing company. Page 2

Lucas chief expected to join GEC: George Simpson, chief executive of Lucas Industries, is expected to succeed Lord Weinstock as managing director of the General Electric Company a few days after GEC's annual meeting. Page 5

AFG stake sale hits Glaverbel Shares in Belgium's Glaverbel, Europe's third-largest glassmaker, fell 8p to 240p after it said it was selling its stake in AFG Industries, North America's second-biggest flat glass maker, to its own majority shareholder Asahi Glass of Japan for \$1.9bn (\$306m). Page 5

Russell century lifts England: England wicketkeeper Jack Russell scored 124 to help his side to a first innings total of 344 in the second cricket Test against India at Lord's. By the close of the second day's play, India had made 82-3 in reply.

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Deal outlines phased lifting of ban ■ UK ends non-cooperation policy

EU resolves crisis over exports of British beef

By Lionel Barber, Robert Graham and Robert Peston in Florence

The crisis in relations between Britain and the European Union was defused yesterday after an artful Italian compromise which left all sides claiming a partial victory in the beef war. The deal provides for a step-by-step lifting of the EU-imposed ban on British beef exports and ends the UK's policy of non-cooperation with EU business. However, the compromise, reached on the opening day of the European summit in Florence, left Mr John Major, the British prime minister, with the tough job of selling the deal to his party's Eurosceptics.

Mr Major claimed the deal vindicated his high-risk policy of blocking more than 70 EU decisions, while British officials said the UK had extracted concessions on the sensitive issue of selling beef to non-EU countries. The main prospective purchaser is South Africa. "Leaving this problem to fester and go on would have been the worst thing for the UK and its partners," Mr Major said last night. The European Commission rejected charges that the EU had retreated to accommodate Mr Major's domestic political difficulties. Under the agreement, the Commission will consider requests from any non-EU coun-



John Major is toasted by Dutch premier Wim Kok (left) and German chancellor Helmut Kohl

tries for permission to import British beef. But any sale will remain subject to scrutiny by scientific and veterinary experts in Brussels. Mr Dick Spring, Irish foreign minister, supported the Commission's interpretation. "My conclusion is that it is extremely

unlikely that British beef will be exported to third countries before there has been a step-by-step lifting of the ban to the EU." Ireland takes over the rotating EU presidency from Italy in July and will be responsible for the follow-up during the crucial interpretative phase of yesterday's agreement, which offers no timetable for lifting the ban. Officials in several EU countries predicted difficult political bargaining, despite the broad

Continued on Page 22
Grain aid crisis, Page 8
Not yet peace in our time, Page 8

California court rules against three-strike sentencing

By Christopher Parkes in Los Angeles

California's Supreme Court has undermined the state's draconian "three-strikes" law, under which judges are obliged to impose sentences of 25 years to life imprisonment on third-time offenders. The ruling, agreed unanimously by the seven-judge panel, said judges retained the power to spare convicts long sentences by overlooking former convictions. The move, which some critics said could swamp the criminal courts with 20,000 appeals, enraged leading state politicians. Mr Pete Wilson, Republican state governor, led the outcry against the court, which is dominated by conservatives from his own party. "We cannot tolerate a situation which permits judges who are philosophically unsympathetic or politically disinclined to three strikes to reduce the strong sentences voters intended to impose on habitual criminals," he said. Mr Bill Jones, California's secretary of state, said the decision was "disgusting". Together with the Alabama state governor's decision to ban chain gangs in the state's prisons, also announced on Thursday, the California move may prompt a review of mandatory sentencing and other get-tough policies. Despite the popularity of "three-strikes and you're out" in California cities, the legislation, endorsed by a popular vote in 1994, has jammed already overloaded courts and effectively bankrupted the Los Angeles court system. It has also been blamed for forcing prison governors to release thousands of other convicts prematurely because of lack of jail space. The Los Angeles County prison system is currently operating at 180 per cent of its design capacity, while a new high-technology

Sumitomo faces losses of up to \$4bn

By Kenneth Gooding and Nicholas Denton in London

Sumitomo Corporation is facing losses of as much as \$4bn in the copper market, more than double the group's first estimate of \$1.8bn, according to traders who expect to profit from the Japanese group's problems. The traders estimate that Sumitomo has more than 2m tonnes of copper - about 20 per cent of the total used in the western world each year - to sell. However, it emerged yesterday that Sumitomo had already closed out the bulk of its huge, loss-making copper futures positions in a secret transaction in which Union Bank of Switzer-

Japanese group in secret copper transaction with UBS

land acted as intermediary. UBS, the largest Swiss bank, took over management of about \$1bn worth of Sumitomo's futures contracts on June 7, a week before the Japanese trading company announced losses on trading by Mr Yasuo Hamanaka, its senior copper trader. Traders suggested that most of Sumitomo's losses were run up in the past few weeks as Mr Hamanaka fought a losing battle against some aggressive "short selling" by organisations betting the copper price would fall. Since copper reached a 1996 peak of \$2,715 a tonne in mid-May the price

has fallen by more than \$800. One trader insisted: "It is inconceivable that others at Sumitomo did not know what [Mr] Hamanaka was up to." Nevertheless, it was clear the Japanese group did not know exactly how much metal it had in stocks around the world. "Hamanaka did so many side deals," the trader said. Other traders said not all the copper would be surplus to Sumitomo's requirements. It would have customers for much of it and this would be properly hedged. Most of Sumitomo's future con-

tracts were due to expire in June or July and were held by a dozen brokers on the London Metal Exchange on behalf of Global Metals and Minerals, a New York-based trading house which was acting for Sumitomo. Sumitomo transferred the contracts because Global had experienced difficulties in coming up with extra cash to meet the higher deposits demanded by those it was trading with in volatile market conditions. The involvement of a large financial institution such as UBS was intended to reassure the market that the futures

contracts would be honoured. UBS demanded collateral in cash to protect itself against the risk that Sumitomo would default and leave the Swiss bank to suffer the losses on the futures positions as the market fell. Most of the futures contracts were released to the exchange in a single transaction earlier this week. It is believed Sumitomo cancelled out its positions with some of the organisations which had bet on a fall in the market and wished to cash in their winnings. "We were active in stabilising the market," UBS said. "But we have no exposure any more."

Russian liberals urge party members to support Yeltsin

By Chrystia Freeland in Moscow

Russian president Boris Yeltsin yesterday appeared poised to win further support in his bid for re-election when leading liberals said they would urge members of their party to vote for him. Officials from the liberal Yabloko party, whose leader, Mr Grigory Yavlinsky, finished fourth in the first round of the presidential election, predicted that at a congress today their organisation would formally give its support to Mr Yeltsin, who faces a run-off against the Communist challenger, Mr Gennady Zyuganov, on July 3. "I will openly urge people to vote against Communists in the upcoming elections and I will do

my best to make sure that the congress favour adopts such a stance," Mr Yvan Grachev, a leading figure in Yabloko, said yesterday. "I personally think most of the parliamentary faction will speak out openly against the Communists and most will support Mr Yeltsin." Although Mr Yavlinsky and his Yabloko party have been fiercely critical of Mr Yeltsin, leading party officials said a Communist victory would be even worse. The Russian leader, who was narrowly ahead of his Communist rival after the first ballot, has already won over Mr Alexander Lebed, the retired general who finished third. But some presidential aides said attracting Mr Yavlinsky's committed liberal supporters

could be even more important, because his highly-educated and politically-engaged followers could be relied on to vote. Mr Yeltsin's decision to sack the leading hardliners in his government earlier this week might be an added incentive for Yavlinsky supporters to back the president. Although Mr Yavlinsky has not yet committed himself, he has praised Mr Yeltsin's move and said he could not back the Communists. The Yeltsin campaign team's biggest concern in the run-up to the second round is that the summer sun and election fatigue may keep millions of voters away from the polls. A low turnout is

STOCK MARKET INDICES			
FT-SE 100: 3,723.3 (-5.2)	US LUNCHTIME RATES	STERLING	DOLLAR
Yield: 4.08	Federal Funds: 5.25%	New York lunchtime: \$ 1.238	New York lunchtime: DM 1.52276
FT-SE Eurotrack 100: 1,685.0 (+0.08)	3-m Treas Bills: Yld: 5.230%	London: S 1.2402 (1.5146)	DM 5.19292
FT-SE-AI-Share: 1,870.8 (-0.2%)	Long Bond: 8.11	London: DM 2.2547 (2.35)	FF: 1.2607 (1.2548)
Nikkei: 22,230.00 (+0.35)	Yield: 7.087%	FF: 7.8914 (7.9678)	SF: 108.025
New York lunchtime		DM 1.5899 (1.5244)	DM 1.5899 (1.5244)
Dow Jones Ind Ave: 5,674.94 (+15.1)		FF: 1.9417 (1.9343)	FF: 1.2607 (1.2548)
S & P Composite: 963.87 (+1.77)		Y: 187.261 (186.863)	Y: 108.99 (108.24)
		E Index: 85.9 (85.7)	S Index: 97.2 (96.9)
			Tokyo Y 108.69

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NEWS: INTERNATIONAL

EU leaders plan to give IGC a shove

By Lionel Barber in Florence

European Union leaders agreed yesterday to draw up a draft treaty on the political future of the Union in time for their Dublin summit in December. The aim is to give fresh momentum to the Maastricht treaty review, the so-called intergovernmental conference, or IGC, whose purpose is to prepare the EU for its prospective enlargement to central and eastern Europe.

After a brief exchange on the beef crisis, the IGC was the first item on the agenda of the EU summit in Florence yesterday. Leaders accepted the IGC had got off to a slow start, and agreed to hold a special meeting in mid-October to accelerate work on Maastricht 2.

The slow pace is partly due to the position of the UK government, which opposes any extension of majority voting. Most EU countries believe some extension of majority voting is necessary to avoid paralysis in decision-making in an enlarged Union. France and Germany are pushing the idea of "flexible integration" to allow some countries to co-operate more closely in specific areas, without being held back by dissidents.

Italy, which hands over the EU presidency to Ireland on July 1, said it had identified the priorities of the IGC in the first three months of negotiations. These included citizenship, unemployment, protection of the environment, a more effective internal and

external policy, and reform of EU institutions.

The Irish presidency's drive to accelerate work in the IGC in the autumn will coincide with efforts to resolve the outstanding technical work on the launch of the single currency by the end of the year.

The two principal issues are enforcement of budgetary discipline in countries signed up to economic and monetary union, and the politically vexed relationship between countries inside and outside the single currency area.

Against this background, EU leaders resumed their debates on how to improve growth, competitiveness and employment in Europe. With more than 18m people out of work across the Union, governments

are under pressure to offer something more appealing than calls for budgetary rigour in order to qualify for ERM.

Mr Klaus Haensch, president of the European Parliament, underlined the festive mood. He told EU leaders that MEPs supported austerity measures, but added: "There is no overall strategy for linking the policy of budgetary and monetary consolidation with one geared to sustainable growth and employment."

Mr Jacques Santer, European Commission president, countered in the afternoon with his proposals for a pact of confidence between governments, employers and trade unions. This is his first big policy initiative. It has three main elements: a renewed drive to

reduce non-wage costs to encourage employers to hire labour; fresh pressure to reduce rigidity in labour markets and to persuade employers to allow more flexible working hours; and a reallocation of resources in the EU budget, drawing on substantial underspending in farming resulting from reforms of the common agricultural policy.

Mr Santer wants to shift Ecu1.7bn (\$2.1bn) of surplus funds into transport networks, as well as research and development. An ambitious set of 14 road and rail projects has been stalled for almost three years because of financing difficulties, despite regular endorsements by heads of government who refuse to sanction extra spending.

Mr Santer hopes to shame EU leaders into parting with at least a portion of the Ecu1.7bn. But the UK signalled that it would prefer to see the funds reimbursed to national treasuries. Other countries appeared similarly minded.

Even without the extra funding, Mr Santer appears to be making headway with employers and trade unions. On the eve of the summit, the Commission received a letter from the Unice employers' federation, and the ETUC union grouping, announcing their readiness to begin discussing working hours and labour flexibility, provided these would not prejudice rights to holiday, pensions and welfare payments for part-time workers.

Beef crisis, Page 4

French farmers beef at British

French farmers yesterday staged a series of protests across the country, mainly directed at getting more European Union compensation for the fall in beef prices but overtly anti-British in some places, writes David Buchan in Paris.

In Strasbourg, farmers burnt an effigy of Mr John Major, the UK prime minister, outside the European Parliament building, while at the port of Ouistreham in Normandy they also briefly held up the docking of a ferry arriving from Portsmouth. After police intervened with tear gas, the farmers let the ferry in, but then checked its refrigerated trucks for suspect meat. In central France, farmers handed motorists leaflets saying, "The British cheat, the French carry the can". In Le Mans five policemen and one farmer were injured, and at Tulle - in President Jacques Chirac's home region of Corrèze - another farmer was slightly hurt. In more peaceful and picturesque vein, farmers in the Paris region put cattle on a barge and sailed a "Noah's Ark" down the Seine to the National Assembly.

France's two main farm unions called the protests to complain about the slump in beef consumption and to back France's demand that the EU increase compensation for beef farmers from Ecu650m (\$900m) to Ecu850m - a move agreed at the Florence summit yesterday. Paris also wants permission to give more national aid to cattle breeders.

Beef crisis, Page 4



Farmers disembark cattle from a barge on the Seine in central Paris yesterday. The inscription reads 'Leave our breeders alone'.

Changes at top of Enel

By Andrew Hill in Milan

Italy's centre-left government yesterday appointed an environmentalist and former communist as chairman of Enel, the state-owned electricity company, and prepared to replace its chief executive with a noted cost-cutter recruited from Mr Silvio Berlusconi's publishing company.

The odd couple are Mr Chicco Testa, 44, currently chairman of Acea, Rome's public-sector energy and water company, and Mr Franco Tatò, 64, chief executive of Mondadori. They will have the task of bringing Enel to the market later this year or early next, in what is likely to be one of the largest state sell-offs to date.

The boardroom reshuffle followed a fierce debate between liberal and conservative wings of the government. The liberalising left wing was thwarted earlier this month in its efforts to replace the senior management of Stet, the state-controlled telecoms holding company, ahead of further privatisation.

At yesterday's Enel shareholder meeting, Mr Testa, who used to head Italy's main environmental movement, was appointed to replace Mr Franco Viezzoli, chairman since 1987.

Mr Tatò was named a director and is likely to be appointed chief executive at the first meeting of the new board. He will replace Mr Alfonso Limbruno, who has spent his entire career in the

state electricity industry. Mr Limbruno was named deputy chairman, partly to ensure continuity in the run-up to privatisation.

Earlier this week the industry ministry named the experts who will head the new regulatory authority for the electricity sector.

The main influence on Enel's future management is likely to come from Mr Tatò, best known for cutting costs at Fininvest, Mr Berlusconi's private holding company, when he was chief executive from 1993 to 1995. He then moved full-time to Mondadori, the quoted publisher controlled by Fininvest.

But analysts said yesterday that attempts to overhaul Enel could be blunted by Mr Testa, a former deputy with the ex-Communist PDS, whose appointment was backed by the CGIL, Italy's biggest union. The CGIL represents about half Enel's 100,000 employees.

Mr Testa said he was pleased to be joining Enel at a time of "great change... and great opportunity", which included the "challenge of restructuring the electricity sector". According to press reports, his appointment was resisted by some members of the cabinet, including Mr Carlo Azeglio Ciampi, the treasury minister.

Enel, one of the world's largest integrated electricity production and distribution companies, is wholly owned by the state, and reported a slight decline in group net profit last year to L2,226bn (\$1.4bn).

Bremer Vulkan's former head faces trial for breach of trust

Hennemann in jail as police try to track down missing public funds

Mr Friedrich Hennemann, the former chairman of Bremer Vulkan, Germany's largest shipbuilding group, will not be spending this weekend in either of his two large homes in Bremen. He will be in jail awaiting trial for breach of trust.

Mr Hennemann, a former pharmacist turned businessman, was detained on Thursday following a police raid the previous day on his homes and the offices of Bremer Vulkan's former management.

The 80 police, including 69 officers from the federal criminal department, had spent months planning the raids. They wanted to establish once and for all what had happened to more than DM500m (\$50m) of public funds which Mr Hennemann, when chairman of Bremer Vulkan, was given to invest in three east German shipyards he bought in 1992.

According to Bremen's public prosecutor's office, the police found Mr Hennemann trying to flush bits of paper down the toilet. And they found an air ticket to the US, although Mr Hennemann denied he was preparing to flee the country. Through his lawyers, he said the ticket was for a working trip as part of his job as a consultant, a profession he turned to after being dismissed as Bremer Vulkan's chairman last autumn.

The prosecutor's office said the investigators also found bank receipts showing Mr Hennemann had more than DM1m in Swiss and Luxembourg accounts. They also found envelopes containing DM120,000 in cash. "He wanted to leave his wife some money to cover daily expenses," said

Mr Hans Janknecht, the prosecutor.

Mr Janknecht said the items confiscated in the raid had persuaded a judge to charge Mr Hennemann with breach of trust in his dealings with the Treuhander, the agency charged with privatising east German industry, which had sold him the shipyards.

But both Bremen's public prosecutor and the Treuhander are also awaiting the release of a report recently completed by the federal auditing office, an

east German: always complaining.

When the Treuhander sold the yards to Mr Hennemann, it hailed the deal as a coup. The agency had been under pressure to find a buyer, and Mr Hennemann's offer - investment pledges totalling DM1.5bn - was too good to ignore. In return, Bremer Vulkan was to receive more than DM1.2bn of publicly-funded grants agreed by the federal finance ministry and the European Commission to modernise the shipyards.

However, some people were deeply sceptical about the deal. A senior banker based in the east German port of Rostock was critical of the sale from the outset. "I warned the Treuhander people there would be trouble both with Bremer Vulkan's own finances and with the promises Hennemann had made about the east German yards. They did not want to listen," he said.

The government of the eastern state of Mecklenburg-Vorpommern, where the shipyards are situated, was equally sceptical. In an attempt to minimise risk, it had managed to prevent the Treuhander from selling the region's entire shipbuilding sector to Bremer Vulkan and persuaded it to split the yards among different owners.

"We started complaining two years ago to the Treuhander," an official from Mecklenburg-Vorpommern's economics ministry explained. "But the agency ignored us. We said the investments were not coming through on time and there had been shortfalls in the amounts promised."

"But the Treuhander thought we were, in their view, typical

east German: always complaining.

But the Treuhander and the finance ministry could hardly ignore what happened last September when Mr Hennemann said Bremer Vulkan expected losses of DM200m for 1995. Three months later, the losses soared above DM1bn in addition to outstanding bank loans of DM2bn. By last February, the new management of Bremer Vulkan was forced to apply for protection from its creditors.

Only then did the Treuhander concede the possibility that, under Mr Hennemann's management, Bremer Vulkan had siphoned off DM650m of public money, which had been due to the east German yards, to the mother company in an effort to find capital to finance orders. Since then, the east German yards have been hived off from the mother company and placed under state control, waiting to be resold. A rescue plan for the shipyards in Bremen and its 20,000 workforce has yet to be agreed.

"[Mr Hennemann] seems to feel no shame, nor does he want to accept any responsibility for this mess," said Mr Wolfgang Detzner, a member of Bremer Vulkan's workers' council. "In fact, no one, from the Treuhander to the banks, is taking responsibility. Everyone is passing the buck."

The banker in Rostock said: "I didn't expect anything else. Nobody was willing to scrutinise Bremer Vulkan's accounts properly. Hennemann sensed this and thought he could get away with it. 'Thank heavens we didn't lend him a penny.'"

Judy Dempsey

Daimler-Benz Aktiengesellschaft
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Securities Code 550 000
NOTICE

on the conversion of the minimum par value of shares to DM 5 and on the respective adjustment of the stock exchange quotation

The Ordinary General Meeting of our company on May 22, 1996 resolved, among other things, to redenominate the share capital by converting the par value of part of the shares in issue from DM 50 to DM 5. The amendment to the Articles of Association was registered on June 4, 1996 in the Commercial Register at the District Court of Stuttgart.

The redenomination of share capital and the conversion of the minimum par value of shares from DM 50 to DM 5 also necessitate the adjustment of the official quotation of the shares. Trading with official quotation of the shares of Daimler-Benz AG (securities code 550 000) will be converted with effect from July 1, 1996 from the present unit of DM 50 to the new unit of DM 5 per share. The continuous quotation of Daimler-Benz shares at the German stock exchanges will take place as from that date in minimum trades of 100 shares of DM 5 par value, or in multiples thereof.

The banks will convert shares of Daimler-Benz AG held in custody accounts on June 28, 1996 in the evening, at 10 for 1. The custody account conversion is free of charge for shareholders. It will not be necessary to exchange shares.

The printing of new share certificates with a par value of DM 5 has been initiated. The delivery of separate certificates for DM 5 shares will not be possible until these new certificates are available, probably in autumn 1996.

Stuttgart, June 1996

Board of Management

Spain threatens Thomson-CSF

By David White in Madrid

Spain yesterday threatened retaliation against Thomson-CSF in a dispute over its participation in a Spanish electronics company.

The French state-controlled defence group is believed to be challenging the accounts of the Spanish company, Indra, following a deal last year in which it agreed to pay Pta3,01bn (\$23.5m) for a 24.9 per cent shareholding.

Indra, controlled by the Spanish government, is the main Spanish company in the defence electronics field. Its deal with Thomson is regarded as vital for breaking into international markets and widening its product range.

Spain's new centre-right government issued a curt note yesterday saying that if the argument over Indra's accounts was not resolved quickly, the ministers of industry and defence were "ready to reconsider the Indra-Thomson agreement and the relations the latter group maintains in the Spanish defence sector".

The note said that whatever the outcome Thomson must show its commitment to the Spanish company's future.

The quarrel is reported to have arisen from an audit commissioned by the French company from Arthur Andersen showing a 1995 loss at the Spanish company instead of the previously announced profit of Pta523m. The Spanish state holding company Tineo says the profit was in line with accounting principles approved by KPMG Peat Marwick.

Bundestag votes to relax law on shopping hours

By Michael Lindemann in Bonn

Efforts to liberalise the German economy, one of the world's most tightly regulated, made significant headway yesterday when the Bundestag, the lower house of parliament, narrowly passed a long-awaited law relaxing shop opening hours.

A packed parliament voted 327 to 321 with 3 abstentions to approve a law allowing shops to stay open until 8pm on weekdays and 4pm on Saturdays, the most significant change to the 1956 law which introduced one of Europe's most restrictive shopping regimes. Until now shops closed at 6.30pm on weekdays and at 2pm on three Saturdays a month.

Chancellor Helmut Kohl's Christian Democratic Union, which has been wrangling over the law for months because of fears of widespread opposition from small shop-owners, turned out in force to oppose the legislation. However, while the new law has come to be regarded as a litmus test for Germany's ability to liberalise its economy at a time of record post-war unemployment, there was little indication yesterday that the law would lead to much rapid change.

Department stores, which have lost sales in recent years, and out-of-town shopping centres are likely to take advantage of the longer hours.

But a straw poll of eight shops in central Bonn showed that seven would not extend

INTERNATIONAL NEWS DIGEST

Çiller fails to seal Refah pact

Mrs Tansu Çiller, leader of Turkey's conservative True Path party, failed yesterday to clinch a coalition deal with the Islamist Refah party. However, she is to meet Mr Necmettin Erbakan, Refah's leader, again on Tuesday. True Path party members said she and Mr Erbakan decided how to share out government posts but disagreed on who would head the coalition.

Four True Path MPs quit the party in protest and joined the rival centre-right Motherland party of Mr Mesut Yilmaz, caretaker prime minister. Their defection cuts to 129 the number of True Path MPs in the 550-member parliament. The rebellion also relegates True Path to third largest party and Motherland becomes the second, after Refah. Mr Yasar Dedelek, a True Path rebel, said another 30 MPs would quit if Mrs Çiller did ally with Refah. If this proved correct, a governing coalition would fail to muster a majority in parliament.

The Islamists' ranks are also rumbling with discontent over an alliance with True Path. Many of the normally highly disciplined Refah MPs have voiced their anger at Mr Erbakan's decision to ally with Mrs Çiller, the target of Refah-inspired parliamentary corruption investigations. Refah owes much of its electoral success to a reputation for honesty.

John Barham, Ankara

German telecom pay rise agreed

Deutsche Telekom, the German telecoms group which is to be partially privatised through a DM15bn (\$2.7bn) share issue in November, yesterday agreed a wage deal for its 210,000 employees which will cost the company just over DM100m. The company said it was "satisfied" with the agreement, which is almost identical to the public sector wage deal agreed earlier this week. Employees will receive a one-off payment of DM500 this year, followed by a 1.5 per cent wage rise in 1997. The German Postal Union had originally demanded a 4.5 per cent wage, which Deutsche Telekom said would have cost DM330m a year. The company's 40,000 workers in eastern Germany will have their wages adjusted gradually so that they match western German levels by October 1998.

Michael Lindemann, Bonn

Appeal filed on Malaysian dam

Ekran, the Malaysian company managing construction of a controversial \$650m hydroelectric dam, is appealing against a court ruling that the dam violates environmental law. The ruling has raised fears the dam could be delayed, just a week after the government awarded the main contract to build the Bakun dam to a consortium led by Swiss-based ABB Asia Brown Boveri. Analysts expect the appeal to result in a second environmental impact report being written. It remains unclear whether preparatory work on the dam will have to be stopped. Mr Anwar Ibrahim, Malaysia's deputy prime minister and finance minister, suggested that preparatory work should not be delayed because of the court ruling. Work to clear rainforest at the dam site in the eastern state of Sarawak has already begun.

James Rynga, Singapore

Czech partners agree policy

Leaders of the Czech Republic's coalition parties said yesterday they had agreed a policy programme, but still differed over the make-up of a new minority government. The three leaders will meet again on Monday for more negotiations, Mr Vaclav Klaus, the prime minister, said.

Mr Klaus has been trying to form a minority government with the Christian Democrats and the centre-right Civic Democratic Alliance since losing a parliamentary majority in elections earlier this month.

Mr Klaus was upbeat on prospects for striking a deal before the new parliament meets for the first time on Tuesday, but Mr Josef Lux, the Christian Democrat chairman, said the leaders had not discussed the tough issue of whether Mr Klaus's Civic Democratic party should give up the majority of cabinet seats it holds.

Reuter, Prague

Envoy pulls out in Suharto row

Mr Miles Kupa, an Australian diplomat who had been suggested as the next ambassador to Indonesia, has withdrawn as a candidate in the wake of growing controversy over comments he made in the late 1980s apparently criticising the business dealings of President Suharto's family. Mr Kupa's alleged criticism was contained in an internal briefing paper for the Department of Foreign Affairs and Trade.

Commentators have drawn comparisons with an incident a year ago, when Indonesia was forced to withdraw its ambassador to Australia, General Herman Murti, because his defended Indonesian army actions in the 1991 "Dili massacre" in East Timor.

Nicki Tail, Sydney

Shooting verdict angers Cuba

Cuba has reacted with fury to a report by the International Civil Aviation Organisation (ICAO), which says Havana shot down two US aircraft in February over international waters and without proper warnings. A senior Cuban official, Mr Ricardo Alarcon, said the ICAO report, the result of a three-month investigation by the Montreal-based UN body, contained "US lies and fabrications".

Mr Alarcon said the report failed to take into account Cuba's version of the February 24 incident. Havana said a Cuban MiG downed the two small planes over Cuban waters after months of similar violations by a Miami-based Cuban exile pilots' group. The UN Security Council ordered the investigation into the loss of the aircraft, which led Washington to tighten its embargo against Cuba.

Pascal Fletcher, Havana

Bangladesh poll result accepted

The Bangladesh Nationalist party (BNP) of former prime minister Mrs Begum Khaleda Zia yesterday accepted the result of last week's election, saying it would take its place in parliament. "We will join parliament to help sustain democracy and ensure continuity of the constitution," a BNP spokesman said.

Reuter, Dhaka

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Summit delegates warn that Israel's stance threatens regional rapprochement

Arab leaders 'committed to peace'

By David Gardner and James Whittington in Cairo

Arab leaders meeting in Cairo this weekend will tell Israel they remain committed to the "strategic option" of peace in the Middle East, while sending a clear message to the new hardline government of Mr Benjamin Netanyahu that a regional settlement requires Israel to return all occupied Arab lands.

In the first full summit in six years, 20 Arab governments will call on Mr Netanyahu, the Israeli prime minister, to reconsider the programme he announced on assuming office this week which rules out the "land for peace" formula which has underpinned the past five years of Arab-Israeli peace-making.

The draft communiqué for the summit, which concludes tomorrow, states that peace will require Israel to return all Arab land conquered from the 1967 Arab-Israeli war onwards, including East Jerusalem, Syria's Golan Heights, and south Lebanon. It also calls on Israel to recognise the Palestinians' right to self-determination.

As one of the drafters of the summit conclusions paraphrased it, Israel is being told: "You're either in or you're out. That question is not for us to



Faris Bouez (left), Lebanese foreign minister, with Abdul-Aziz al-Dakhil, Kuwaiti planning minister, at the Cairo meeting yesterday

answer, but if you're in you will find a partner."

Arriving Arab delegates were united in declaring that the new Israeli government's policy threatened to destroy the still fragile rapprochement in the region, but emphasised they were not threatening Israel.

"We do not want to jump to any drastic decisions," said Mr

Amr Moussa, Egypt's foreign minister. "There'll be no message of a threat or warning. It will be a very clear position that it takes two partners to make peace."

In Jerusalem, however, Israel's new government is viewing the closing of Arab ranks with hostility and warned that peace was made through negotiations, not pres-

sure. "Peace is not reached through threats," said Mr David Levy, Israeli foreign minister. "There is no need to pressure Israel so that it will carry out its desire for peace. There are problems which must be clarified in an open dialogue."

The communiqué emphasises that the land-for-peace formula is the international

legal basis which underpinned successive United Nations Security Council resolutions, the Madrid peace conference of 1991, and the peace accords Israel has reached with Egypt, the Palestinians and Jordan. It appeals to the international sponsors of the peace process - the US, Russia, and the European Union - to guarantee that peace negotiations with Israel "continue on the same agreed basis".

Arab diplomats are particularly concerned about the new Israeli government's pledge to resume the expansion of Jewish settlements on Palestinian land in the West Bank and in and around Arab East Jerusalem. "The building of settlements is not only an obstacle to peace but an illegal act," Mr Moussa pointed out.

Syria is calling for a halt to any further Arab diplomatic and trade links with Israel until there is firm progress towards peace. Although this demand to stop "normalisation" was not in the communiqué yesterday, one senior Arab official said: "There will be a much larger problem if the peace process breaks down. This thing will blow up in all our faces. You won't be able to normalise anyway."

He added: "I truly believe we are in deep trouble if we don't find a peace partner."

Tax reform hopes raise whisky producers' spirits

At Azuma, a stand-up bar in Tokyo's Ginza district, more than 200 regular customers keep bottles of their favourite whisky with their name written on the label, from which they are served.

Although the bar has not seen its customer numbers decline during the recession, it is more the exception than the rule. Since the Japanese economy suffered its worst post-war downturn, whisky producers have had a particularly difficult time encouraging consumers to take a swig of Scotch on the rocks.

The recession, a change in attitudes which has encouraged Japanese consumers to drink cheaper spirits at home, and a high tax regime that discriminates against whisky have combined to hit sales over the past six years.

But producers are hoping a ruling by the World Trade Organisation that the Japanese government must end its discriminatory tax regime will help revive their fortunes in the Japanese market, the second largest for European producers outside the European Union.

Japan's ministry of finance, which determines tax policy, is expected finally to accept international judgement and revise its liquor tax system to comply with the WTO decision, expected soon.

"For us, liquor tax reform would be extremely beneficial. It's an excellent opportunity for whisky producers," says Mr Mungo Gilchrist, marketing director of Jardine Wines and Spirits, and chairman of the European business community's liquor committee in Japan. The WTO ruling will come nine years after a panel of the General Agreement on Tariffs and Trade ruled that Japan's liquor tax regime discriminates against imported spirits in favour of domestic products.

In response to the Gatt ruling, the ministry of finance raised taxes on shochu - a Japanese white spirit made mainly from potatoes - and abolished whisky tax differentials. Nevertheless, whisky and brandy are still taxed between four and seven times more

than shochu despite persistent pressure by both foreign and domestic whisky producers.

The authorities used to assert that shochu could not be taxed as much as other spirits as it was made mainly by small, independent distillers struggling to stay in business. But today the biggest producers are large companies like Takara Shuzo, which had sales of ¥193bn (\$1.5bn) in the last fiscal year.

Producers have no doubt that an unfair tax regime has stunted the growth of the whisky market in Japan, where shochu accounted for 77 per cent of distilled spirits consumption last year.

Domestic producers, in particular, are upset that the tax differential with shochu has remained even after taxes on lower grade whiskies were raised. Sales of domestic second grade whisky - which

whisky sells for less than ¥1,000. The spectacular growth of the shochu market, from about 12m cases before Japan's economic bubble burst to about 75m cases today, is proof enough that consumers have reacted to price, notes Mr Gilchrist.

The economic downturn has also affected lifestyles and customs, which has worked against whisky sales.

Fewer people head to the bars and night clubs for a whisky and soda after work, preferring instead to go home for a glass of beer or shochu.

The long economic downturn has also meant that institutionalised gift-giving at the year-end and in mid-summer is on the decline. Whisky used to be a common gift.

But the economic gloom does not explain it all. Japan may also be following North America and Europe in seeing tastes diversifying.

There was a strong swing from brown spirits to white spirits in North America and Europe in the 1970s, Mr Gilchrist says. This was largely due to health concerns - white spirits are generally consumed with other liquids and are therefore seen to be less alcoholic.

In Japan, the whisky boom of the 1980s has been followed by growth not only in shochu, but in drinks such as wine, gin and vodka. The shift has as much to do with the falling prices of these drinks, due to a surge in parallel imports and discount stores, as with the growth of restaurants catering to a wide range of tastes.

"It is difficult to tell whether there is room for whisky to come back to the market," a Suntory official concedes. "But we feel that if we are given a level playing field we can compete."

Mr Gilchrist is confident that when the tax discrimination is corrected there will be an adjustment in the drinks sector.

But that would be a problem for businessmen. After the government introduces fair taxation "it is up to successful marketing by individual companies".

Michiyo Nakamoto

Netanyahu clips wings of Likud's hawk

By Nene Prusher in Jerusalem

Mr Ariel Sharon, the hawkish former defence minister who used his influence to assure Mr Benjamin Netanyahu's place as the Israeli right's candidate for prime minister, is now finding he is losing his clout.

The dozen of the rightwing Likud party still has no ministry, several days after Mr Netanyahu formed a government and introduced his cabinet.

Now, after the messy tussle to form a cabinet, party pressures have forced Mr Netanyahu to scrape together a new ministry tailored for Mr Sha-

ron. The problem is that the new National Infrastructure Ministry would have an amalgam of duties, taken from at least four existing ministries. And several of Mr Netanyahu's ministers, some of them lasting power for the first time, are unwilling to relinquish control over their domains.

At best Mr Sharon would gain responsibilities from the agriculture, construction and housing, energy and transport ministries.

But the men now holding the keys to those offices - leaders of nationalist and religious parties - are not interested in sharing them. Some have threatened to leave the

governing coalition if their influence is reduced.

According to sources close to the prime minister, Mr Sharon has only himself to blame. After Mr Netanyahu's election victory, on a pledge to pursue a tougher approach to Middle East peace, Mr Sharon was offered the housing ministry.

Mr Sharon turned down the offer, considered a prize for the architect of Jewish settlement expansion in the West Bank and Gaza, to hold out for a more powerful ministry which he felt he was entitled to.

He then changed his mind, but it was too late. Mr Netanyahu offered the post of dep-

uty minister elsewhere, while holding the ministry for himself.

But Mr Sharon could not be left sulking outside the cabinet room doors. The snub by Mr Netanyahu, more than 20 years Mr Sharon's junior, was unacceptable to some of the party faithful, while advisers warned that Mr Sharon might stir up trouble among his far-right followers.

Mr Sharon was found indirectly responsible for allowing Christian militiamen to massacre Palestinians during the Lebanese war. More recently, he held rallies with Jewish settlers in the West Bank town of Hebron and promised that

Israel would never leave. Refusing to shift into diplomatic mode after Mr Netanyahu's election victory, Mr Sharon took to the airwaves and described Mr Yassir Arafat as a "murderer".

Mr Sharon takes credit for helping Mr Netanyahu defeat Mr Shimon Peres, former prime minister. But while Mr Sharon may have been an asset in conservative circles when Mr Netanyahu was a candidate, the former army commander is clearly a liability for the new prime minister's image abroad.

This does not help Mr Sharon's prospects of securing an important ministry.

OTE HELLENIC TELECOMMUNICATIONS ORGANISATION S.A.

Condensed Financial Statements
Prepared under International Accounting Standards
for fiscal years ended December 31, 1995 and 1994
(in millions of Greek Drachmae)

BALANCE SHEETS			Liabilities & Shareholder's Investment		
Assets	1995	1994		1995	1994
Intangible Assets	14,289	0	Shareholder's investment		
Fixed Assets			Capital	298,488	298,488
Property and equipment	1,317,441	1,182,987	Reserves and retained earnings	130,650	46,745
Less-Depreciation	(491,443)	(421,520)		429,138	345,233
	825,998	761,467	Subsidies, net of amortization	108,615	108,316
Deferred tax assets	53,300	51,000	Long-term debt	123,783	76,441
Other long-term assets	38,123	40,017	Reserves for staff retirement and other employee benefits	138,591	141,056
Current Assets			Other long-term liabilities	24,379	11,069
Accounts receivable	147,590	112,526	Current Liabilities		
Materials and supplies	8,328	8,396	Bank loans and overdrafts	99,726	112,235
Other current assets	37,798	24,577	Accounts payable	47,709	47,432
	193,716	145,499	Income taxes payable	44,069	52,935
			Dividends	43,860	45,425
			Other current liabilities	65,556	57,851
				300,920	315,868
	1,125,426	997,983		1,125,426	997,983
STATEMENTS OF OPERATIONS			MOVEMENT IN SHAREHOLDER'S INVESTMENT		
	1995	1994		1995	1994
Operating revenues	593,033	481,629	Net profit for the year	138,765	97,658
Operating expenses	(356,062)	(319,745)	Dividends	(54,860)	(45,425)
	236,971	161,884	Opening shareholder's investment	345,233	293,000
Financial, expenses, net	(16,596)	(17,458)			
Extraordinary gain	0	7,000			
Income taxes	(81,610)	(53,768)			
	138,765	97,658	Closing shareholder's investment	429,138	345,233

Note: OTE prepares and publishes financial statements in accordance with both Greek Statutory requirements and International Accounting Standards (IAS). The major differences between Statutory and IAS financial statements relate to the accounting of staff retirement and other employee benefits, subsidies and deferred income taxes.

The IAS financial statements for the fiscal years ended December 31, 1995 and 1994 have been audited by Independent public accountants, whose report thereon includes an exception, as a sufficiently detailed fixed asset register for telecommunication equipment and installations is not maintained. However, OTE is currently in the process of establishing such a register.

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The Director General Finance
Ch. Kazantzis

The Managing Director
P. Lambrou

The Director of Financial Services
I. Kartsonas

NEWS: UK

Seagate fights \$300m damages suit

By Alan Cane, John Mason and Keith Rodgers

Amstrad, the UK-based consumer electronics group, resumes a £200m (\$306m) battle for damages at the High Court next week in a dispute with one of the world's leading computer component manufacturers, Seagate Technology.

Amstrad claims that Seagate supplied it with faulty hard disk drives for its computers in 1988 and 1989. The PC2000 was

the key to Amstrad's efforts to move beyond its traditional high volume consumer sales and break into the corporate market. But problems with the machines meant they acquired an "awful" reputation, the court has heard.

Amstrad recalled 7,000 PCs from the PC2000 range in 1989, and later took an exceptional charge of £20.4m against the faulty machines. It is separately suing a second US disk drive maker, Western Digital,

in a case due to be heard in the US early next year.

Seagate is the world's largest manufacturer of hard disk drives used to store data in personal computer and workstations. Yesterday it said it was unable to comment on Amstrad's allegations because of the court proceedings.

The case began two months ago. Mr Alan Sugar, Amstrad chairman, has already given evidence along with several senior Amstrad executives.

The case has focused on sales, marketing and technical issues surrounding the drives and other computer components. Earlier in the hearing, Amstrad's former group sales and marketing director, Mr Malcolm Miller, said the company "would be in a different shape" if the machines had been reliable and customers had not experienced problems with the hard disk.

In a writ issued against Seagate Technology Inc. and Sea-

gate Technology Singapore PTE Ltd in 1992, Amstrad is claiming damages for breach of contract, breach of warranty, breach of collateral contract, misrepresentation and negligence relating to the sale of around 66,690 ST1277R hard disk drives. The claims include allegations that Seagate sold faulty drives and misrepresented the causes of the problems experienced with the computers in which the drives were installed.

Kick-off for Spain's soccer diplomacy

By Jimmy Burns in London

Don Alberto Aza Arias, Spain's ambassador to the UK, is widely respected as one of London's most experienced and talented senior diplomats, well trained in crisis management. But today's clash at the Wembley stadium between Spain and England in soccer's Euro 96 quarter finals threatens to introduce a tense note in a leisurely week otherwise spent largely in the hospitality tents at the Ascot racecourse.

Just when Anglo-Spanish relations seemed to be getting over the traumas of fish wars and Gibraltar - not to mention the "beef" word - the match has fuelled the kind of popular anti-Spanish jingoism best recalled when the Duke of Medina Sidonia failed to lead his invading Armada to triumph in 1588.

"This kind of thing tends to simplify reality and create a bad climate between our nations; it plays on the feelings of an intellectually vulnerable sector of the population who have basic instincts," mused Don Alberto yesterday during a period of quiet reflection in an otherwise hectic day.

He had woken up to the latest bombardment from England's tabloid press. Britain's best-selling daily paper, *The Sun*, devoted a page to six topless "patriotic lovelies" who, it said, were determined to give Spain and its allegedly macho culture an emphatic brush-off.

The rival *Daily Mirror* set the tone on Thursday with a picture of a bullfighter about to be beheaded in the Tower of London and the headline "You're done Juan". Next, it provided readers with a list of the ten " nasties Spain's given Europe".

European Union ministers meeting in Florence may like to know that these include syphilis ("brought back by Columbus from Central America"), and Franco ("fat dictator with silly moustache").

But Don Alberto had other potential problems on his hands, not least how to find a ticket for today's game for Prince Felipe, heir to the Spanish throne.

Back on the high street, travel company Thomas Cook was hoping to take advantage of the game to raise the profile of its number one European holiday destination. Today it will offer a no commission charge on exchanges of pounds into pesetas.

England are favourites for the match with bookmakers William Hill predicting an English victory could spark off a £80m soccer betting bonanza, making Euro 96 the biggest of all betting events. Don Alberto was making no firm predictions.

UK NEWS DIGEST

Asylum benefit halt 'unlawful'

The government was dealt a humiliating blow yesterday when the Court of Appeal struck down a decision by Mr Peter Lilley, the social security secretary, to remove the right to benefits from asylum seekers. By a two-to-one majority, the court ruled that Mr Lilley's plans, which have generated political controversy since first being announced at last October's Conservative party conference, were unlawful because they rendered the rights of asylum seekers " nugatory".

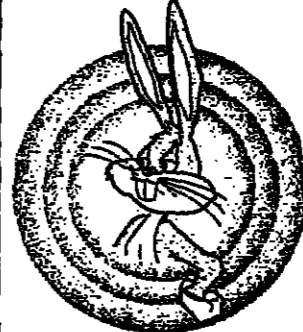
The judgment, which reverses an earlier High Court ruling upholding the policy, is the latest in a series of judicial setbacks for the government. It is a particular embarrassment for Mr Lilley, who had strongly defended the changes and will now have to find an extra £200m (£306m) in the social security budget to pay the necessary benefits to those affected.

However, Mr Lilley said the judgment should not obscure the fact that over 90 per cent of all claimants were found not to be genuine refugees. "The court's suggestion that a tiny minority of genuine claimants could become destitute by the regulations parliament approved was purely theoretical," he said. "I very much fear that if the law is left as it stands today we can see a fresh flood of bogus claimants."

Figures released by the Home Office last month showed that the number of asylum seekers had fallen by 20 per cent since the benefit cuts were formally instituted in February. In 1995 there were 44,000 applications for asylum.

Mark Szceman and James Blitz, London

Warner opens animation studio



Warner Bros. the Hollywood film company, is opening a state-of-the-art animation studio in London as part of its strategy of increasing its UK production facilities. The new studio, which will employ 70 "pencils", as animation experts are called in the film industry. One of the studio's first projects will be to complete *Space Jam*, an animated film featuring *Looney Tunes* characters like Bugs Bunny (left) due for release this autumn.

It will then work on *The Quest For Camelot*, an Arthurian adventure film due out next year. Warner, like other Hollywood film companies, is intent on making more animated features, a field traditionally dominated by Walt Disney. Animation is one of the most lucrative areas of the film industry as the potential for bolstering box office receipts with video and merchandise sales is so strong.

However the opening of the London studio is also a reflection of the efforts by Warner, and its compatriots, to counter rising production costs in North America by making more films in Europe, particularly in the UK.

Alice Raushorn, Consumer Industries Staff
Hollywood's excesses, Page 9, Weekend, Page 1

Faster transfer to Crest planned

The London Stock Exchange plans to pay off the three biggest share registrars to get them to speed up processing of stock transfers during the transition to the new Crest electronic settlement system. The exchange said it would pay for Lloyds Bank, Royal Bank of Scotland and Independent Registrars Group, to set up a special fast track to handle the transfer of stock held on behalf of marketmakers, who deal in shares on their own account, from the old Talisman settlement system to Crest.

In return, the registrars, who between them handle share registration for companies accounting for 86 per cent of market turnover, have agreed to process these fast track transfers within 24 hours. The deal is intended to get over a bottleneck which had been expected to hamper the transition to Crest, which is due to start up next month.

George Graham, Banking Correspondent

LSE votes for student fees

A decisive step towards the ending of free university tuition for undergraduate students looks set to be taken soon by the London School of Economics, Britain's leading social science university. The LSE's academic board has voted to back the principle of "top-up fees", paid by undergraduates in addition to the state-funded fee.

If endorsed by the LSE's governors, as appears likely, fees may be charged from 1997 or 1998. No amount has yet been proposed, but an LSE official noted that a figure of £950 (£1,300) a year per student would barely cover the loss suffered by the university through recent government funding cuts.

Andrew Adams, London

Grain aid cuts may allow beef compensation boost

By Deborah Hargreaves

The European Union agreed yesterday to increase compensation to beef producers affected by the crisis over bovine spongiform encephalopathy to Ecu150m (\$1,050) from the existing Ecu60m.

Mr Piero Fassino, deputy foreign minister of Italy - which currently holds the rotating EU presidency - announced the Ecu200m increase in aid at the summit in Florence. "The European Council underlines the importance of adequate support for producers that are seriously affected by the drop in consumption of beef and the effect on the market price," he said.

The increase in compensation, directed at farmers across the EU, followed protests by French producers calling for extra funds. The EU, which has already spent all of its cash for this year, is considering a cut in aid payments to big grain producers to pay for the additional beef compensation. This could be discussed at

next week's EU agriculture council meeting.

The EU pays out Ecu150m a year in so-called arable aid payments to cereals producers in return for a cut in support prices agreed as part of the 1993 reforms of the Common Agricultural Policy. However, world grain shortages have seen prices double since then.

British farmers expect generous compensation for agreeing to the destruction of additional cattle

leaving the EU in the anomalous position of supporting some of the wealthiest farmers in Europe. "It has become harder to justify continuing those aid payments with prices at this level," a commission official said.

Arable aid payments in Britain are worth £266 per

hectare - at the time of CAP reform the commission expected wheat prices to fall to £80 a tonne, but instead they have risen to £119 a tonne. The commission has also agreed to cut the amount of land it forces farmers to leave idle from 10 per cent to 5 per cent, leaving them free to take advantage of higher grain prices.

British farmers stressed yesterday they would expect generous compensation for agreeing to the destruction of additional cattle in return for securing a deal to lift the beef ban. Farmers will have to volunteer cattle born between 1989 and 1990 because records do not go back that far, and the government recognises the need for high compensation.

Farmers are looking for payments to make up lost milk production as well as the cost of replacing prime milking cows from their herds. They believe compensation will have to be worked out on an individual basis and are meeting this weekend to decide on guidelines.

Irish police find mortars at farm

By John Murray Brown in Dublin

The war of words between the Irish government and Sinn Féin, the Irish Republican Army's political wing, intensified yesterday. Mr John Bruton, the prime minister, accused the republican movement of "manufacturing weapons of death" after police seized six suspects in a raid on a farm in County Laois.

The arrest of what appears to be an active IRA bomb-making unit, together with the seizure of "in excess of a dozen" mortars and timing devices, has further undermined the credibility of the Sinn Féin leadership, bolstering the insistence of both the UK and Irish governments that the party should not be allowed to join the all-party talks without an unequivocal restoration of the IRA's ceasefire.

Mr Bruton, who held a meeting with Mr John Major, the UK prime minister, in the margins of the European Union

summit in Florence, said Sinn Féin's professions of peace were "incompatible" with the arms find, which he described as "most important".

The seizure is part of a two-week search in the wake of the murder of an Irish detective. A third man appeared in a Dublin court yesterday in connection with the killing of the detective.

The Irish police are understood to have extended their operation yesterday to County Meath and the border area next to Northern Ireland. An official said there were indications that the IRA was moving ordnance from caches in the south-west of the republic nearer to the border with the North, raising fears about a possible resumption of its terror campaign in Northern Ireland.

Mr Charlie Flanagan, a member of the republic's parliament in Mr Bruton's Fine Gael party, said: "Who is to say that the Manchester bomb was not assembled in some part of the [Irish] state?"

OUR £20 MILLION RE-INVESTMENT ON MERSEYSIDE IS DOWN TO THE QUALITY OF THE LOCAL WORKFORCE

Attracting major companies is one way to test the mettle of an area.

But the ultimate compliment is when a company is so impressed it increases its investment there.

So thanks, Kodak, for the compliment.

After nearly 50 years on Merseyside, the American giant decided to re-invest and expand here, making it their biggest chemicals operation in Europe. They have found the operation to have one of the most productive workforces of any of their plants in Europe, and the level of job applicants is always of the highest quality.

"There is a sense of energy and 'can-do' mentality in our workforce which mirrors our own philosophy."

So what's so special about Merseyside? The grants at local, national and European Union levels? Not one but three Training and Enterprise Councils? The number of good sites? One of the most sophisticated telecommunications systems in Europe?

The co-operation between new and existing investors to pool their knowledge of the region?

Well, yes, yes, yes, yes and yes.

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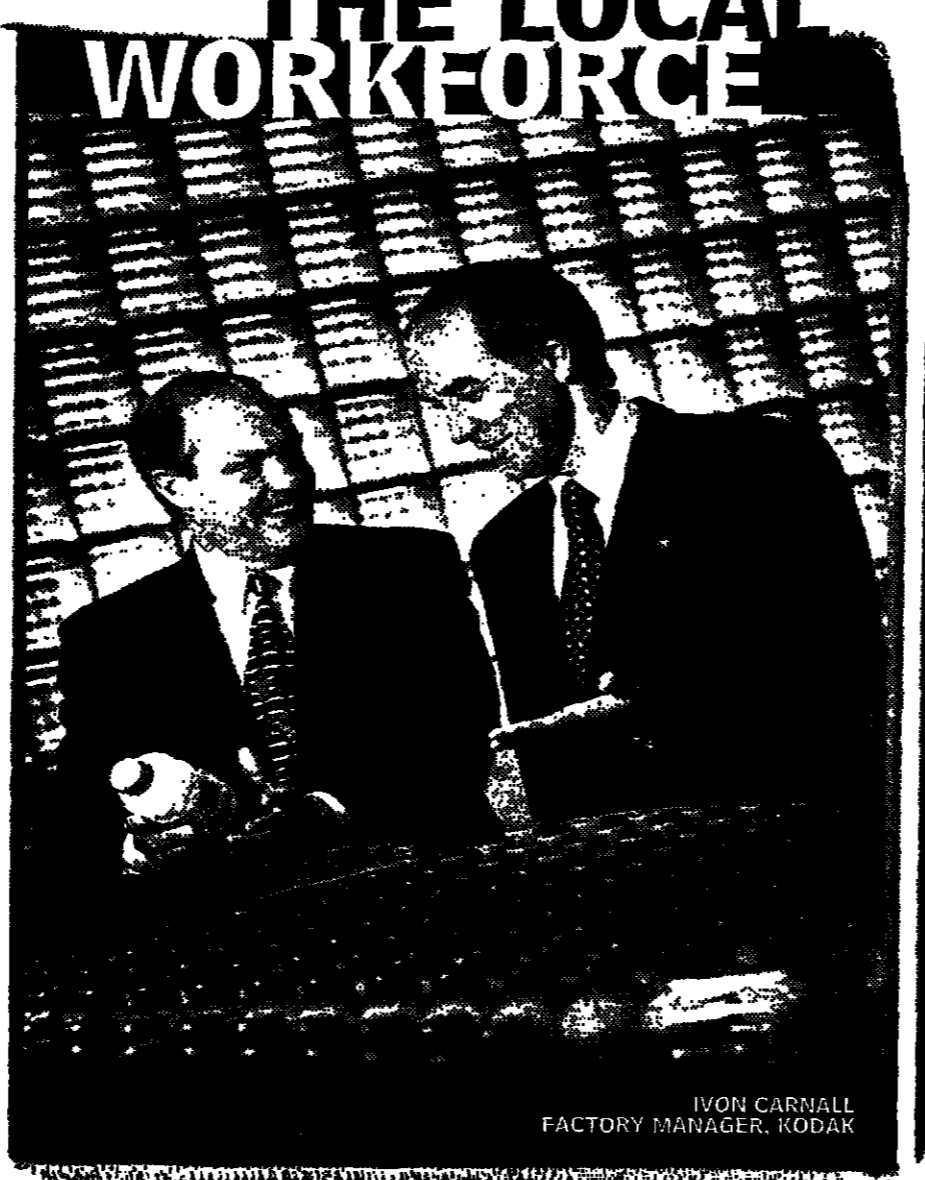
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That's why Kodak has poured an extra £20 million into their Kirkby plant in the last 18 months.

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Real Africa conserves its cash for JCI bid

By Mark Ashurst
in Johannesburg

Real Africa Holdings, South Africa's second-largest black-controlled company, has passed its dividend for the year to March despite a strong performance from its insurance and industrial interests.

Mr Don Ncube, executive chairman, said the group was conserving its cash reserves

pending a bid for Anglo American's 49 per cent stake in JCI, the mining house.

He was satisfied with the progress made in talks with JCI, although plans to form a consortium with trades unions and other black investors remained at a preliminary stage.

Attributable income was R38.6m (\$8.85m), against R5.6m previously. This year's figure

had been restated and was not comparable. Earnings per share rose 85 per cent from 9.4 cents to 17.4 cents.

African Life, the insurance group at the hub of a portfolio including mining, tourism, manufacturing and technology, posted an 80 per cent rise in total income and a 96 per cent increase in total assets.

Real Africa's interest in Affia had declined to 45.8 per

cent, from 51 per cent in fiscal 1995, following a R42m equity subscription by the International Finance Corporation, the private sector arm of the World Bank.

However, Real Africa retained effective control through arrangements with non-voting shareholders.

There would be no rights issue from Real Africa to fund the acquisition of JCI, said

Mr Ncube. If talks were successful, the expansion would be funded "from our own resources or via a combination of instruments".

The total value of Real Africa's listed investments was R738.6m at June 18, compared with a restated total value of R316.4m on March 31 1995.

Analysts welcomed the group's improved performance,

but said the decision to pass the dividend highlighted the difficulties faced by black businesses in their attempts to raise capital.

Rival New Africa Investments, the country's largest black-controlled company which is bidding for Anglo's stake in Johannes Industrial Corporation, had doubled its asset value during a revaluation this year.

Nintendo pins hopes on 64-bit offering

By Michyo Nakamoto in Tokyo

A deafening silence is the most likely response on Sunday when Nintendo, the leading Japanese maker of video games, launches its much-awaited 64-bit machine.

Yet Nintendo is counting on the machine to reverse its fading fortunes. Last year the company, which once held more than 90 per cent of the Japanese market for video games, saw its share drop below 50 per cent, according to market estimates.

Sunday's launch will be a far cry from the frenzy that used to trigger pandemonium at electrical retail stores when Nintendo released new software at the peak of its market power.

Media commentary on the machine, which will be priced at ¥25,000 (\$230), has been muted, despite acclaim for its graphics and advanced features, such as a 3D stick that will enable users to manipulate the characters on screen through 360 degrees.

The wait-and-see attitude has been prompted by the Nintendo 64's troubled history. Its launch was twice delayed, and although the company tried to place some of the blame on a lack of components, the increasingly evident friction between Nintendo and independent software developers raised concerns that the company was having trouble finding attractive software.

Nintendo's insistence on using games cartridges rather than CD-ROMs, which can be made at a fraction of the cost and can hold significantly more data, discouraged software makers.

Square, the software developer which created the mega-hit game "Final Fantasy", decided to develop the latest in the series for Sony's PlayStation, rather than the Nintendo 64.

Other software developers have indicated they may not remain loyal to Nintendo, which has been forced to put the Nintendo 64 on the market with only three software titles to support sales.

Last month Sony cut the price of its PlayStation, its fast-selling product, to ward off competition from Nintendo.

But Mr Hiroshi Yamauchi, president of Nintendo, has no doubts that the company will be able to sell the planned 2.5m units in Japan and overseas by the end of the year.

The launch of Super Mario 64, the third game in the highly successful Mario series, to coincide with the sale of Nintendo 64, is expected to attract a substantial number of buyers for the new machine.

GWR finds taste for Schlager

By Raymond Snoddy

GWR, one of the UK's largest commercial radio groups, has moved into the Schlager music market.

Schlager is the most popular form of music in Germany and Austria and features oompah bands.

"It's Roger Whittaker with lederhosen," Mr Ralph Barnard, GWR chief executive said yesterday.

The move into Schlager comes through the purchase, announced yesterday, of a 60 per cent stake in Radio Edelweiss, a commercial radio station based in Innsbruck, Austria. The station broadcasts to a potential audience of 1m listeners in German-speaking Austria and Italian Tyrol.

"As always we will research the market and give people the music that they like," added Mr Barnard.

GWR will pay £1m, part of which is deferred, plus up to £1.1m if targets are met. The company operates 15 FM frequencies in the Tyrol area and in the year to March made £167.643 pre-tax on turnover of £525,507.

GWR hopes the deal will allow it to apply for further licences in Austria.

Simpson expected to succeed Weinstock

By Ross Tieman

Mr George Simpson, chief executive of Lucas Industries, is expected to succeed Lord Arnold Weinstock as managing director of the General Electric Company a few days after GEC's annual meeting, scheduled for September 6.

His arrival at GEC's Stamford Gate headquarters, probably on September 9, more than a month earlier than expected, will end Lord Weinstock's 33 years at the head of Britain's biggest manufacturer.

Mr Simpson is now expected to leave Lucas on August 30. That will enable him to oversee completion of the £2.2bn merger of Lucas with Varty Corporation of America to create one of the world's leading automotive brake-makers.

A special dividend to sweeten the deal for Lucas shareholders now looks unlikely. The board met yesterday without considering any such proposals.

A Lucas official said: "So far as I am aware there has been no request for any special dividend or anything similar."

Lucas shareholders will own a majority of the shares in Lucas Varty, which will be

headquartered in Britain. Mr Victor Rice, chairman of Varty, is set to become chief executive of the merged group.

BBA, the brake-pad manufacturer, was obliged to abandon plans to mount a hostile bid for Lucas. Now the merger plan has three hurdles to clear. First, Lucas needs to secure High Court approval that will clear the way for publication of a new Stock

Exchange listing document. That is expected to be followed by a special shareholders' meeting, provisionally scheduled for August 9.

For the merger to succeed, 75 per cent of the shares must be voted in favour by those present at the meeting or sending in proxies. Varty, too, must secure shareholder approval. No date has yet been set for that meeting.

Moving right along the acquisition trail

Roberto Quarta is getting on with life after the Lucas bid's failure, writes Tim Burt

Mr Roberto Quarta is unrepentant. The combative chief executive of BBA Group, who earlier this month abandoned an audacious £2.4bn bid for Lucas Industries, is back on the acquisition trail.

In fact, he never got off it. Although some industry analysts believe he damaged his reputation by trying unsuccessfully to spoil Lucas's proposed merger with Varty Corporation of the US, Mr Quarta is adamant that it was the right deal but at the wrong time.

He plans to reinforce that message next week when he hosts an analysts visit to Norrköping.

The Swedish town is home to one of the five textile plants acquired last year following BBA's £239m takeover of Holvis, the Swiss non-wovens manufacturer.

Some analysts are expecting the visit to be a bridge-building exercise, in which Mr Quarta will face tough questions about his pursuit of Lucas.

But the Italian-American, who was once a BTR executive, has other plans. He may well throw down the gauntlet by claiming that he is right to go for the automotive components and aerospace group. And, given the right circumstances, he believes it would have won the support of shareholders.

In the event, it didn't because some institutions were unconvinced of the industrial logic - and the price of more than 300p a share necessary for a knock out blow.

"I still think it was a good deal," says Mr Quarta. "We have interests in brakes, electronics and aerospace where Lucas would have made a natural fit."

Many analysts disagree. But he is undaunted and plans to hold up Fiberweb - the former Holvis textiles arm - as evidence of what BBA can do with a company suffering from underinvestment and weak market share.

Citing Fiberweb's improved performance - margins have risen from 5 per cent to more than 10 per cent in a year - he says the engineering group has shown that it is a good parent and one that deserves support in its search for new offerings.

Perhaps more importantly, he wants to convince analysts that he is not just a financial engineer.

"That is a myth I want to dispel. This company is about winning world leading market positions in our chosen fields and building shareholder value. We are not just margin driven," he says.

Some analysts may take a great deal of convincing. While they applaud the turnaround at BBA under Mr Quarta, they still think he has a roving eye for any manufacturer which promises double digit margins.

"I still believe he is a financial engineer," says one leading analyst. "He has used a lot of provisions at BBA to get where he is, so it is quite hard to see where the underlying growth is."

Nevertheless, most industry observers predict he would have little trouble winning City support for bolt-on acquisitions of up to £300m. Beyond that, however, and some institutional investors might balk at a deal which, like Lucas, felt was too big to swallow.

Threadneedle Asset Management, which owns 4 per cent of BBA and opposed the proposed Lucas bid, warns that Mr



Unrepentant: 8 out of 11 investors which expressed a preference thought Roberto Quarta should do it

Quarta will need to pay more attention to shareholder sentiment before trying another big takeover.

"Quarta did not walk away from Lucas because he decided for himself it was not good value," says one Threadneedle fund manager. "He failed because his shareholders would not support him."

Another investor, which asked not to be named, added: "Let's hope he doesn't feel he has to establish his manhood too quickly with another over-ambitious deal."

Mr Quarta rejects such criticism. He points out that eight of the 11 institutions canvassed about Lucas wanted him to do it, and some thought he could take on more than 100 per cent gearing to do so.

But now he wants to put Lucas behind him. Instead, he is poring over a number of bolt-on acquisitions and also contemplating a new leg to the group.

He is most keen to pursue those opportunities in friction materials - in which BBA claims to be the European market leader - and industrial and medical textiles.

The group, currently ungeared, could spend about £350m without bothering shareholders, although that would push gearing up to about 60 per cent.

Mr Roy McGlone, the finance director recruited from BICC's cables business last year, says the group would be prepared to go much higher for a short period.

"This is a dynamic company and we have learned a lot from the Lucas affair," he says.

For Mr Quarta that means being in control of your own destiny. While he maintains that Lucas would have been good for BBA, he admits the timing was poor. Indeed, he says BBA's name might never have surfaced had it not been "smoked out" by Lucas.

Now he is concentrating on lifting BBA's share of the North American friction materials market from virtually zero to 10 per cent by the end of the decade. He also wants to push textile interests into Latin America and the Pacific Rim. "We're not slowing down. BBA is still an engineering business that wants to be global; nothing's changed."

Kalamazoo blames fall on paper prices

By Richard Wolfe,
Midlands Correspondent

Margin pressures dented profits at Kalamazoo Computer Group as the company's security printing division suffered "unprecedented" increases in the price of paper as well as restructuring costs.

Pre-tax profits declined 14 per cent to £5.88m on turnover up 10 per cent to £56.7m in the year to March 31. The shares fell 9p to 133p yesterday.

However, the company said security printing experienced a

recovery in the second half, and was in a good position to widen its markets after investing to develop an international sales channel.

It hopes for more substantial growth in its computer services division after last month's conditional agreement with Datapoint Corporation of the US to buy its European automotive dealer systems (EADS) will provide the foundation from which the group will launch its products and services throughout Europe and will enhance its ability to achieve preferred

supplier status to leading automotive manufacturers.

Successful installation of the flagship Elite product for 80 customers helped the computer services division to a 7.5 per cent rise in pre-tax profits to £5.79m (on sales up 10 per cent to £48.3m).

In the security printing division pre-tax profits declined 64 per cent to £297,000 on sales up 8.4 per cent to £18.8m. Earnings per share fell from 11.8 to 10.2p. A final dividend of 3.05p makes a total of 4.15p, compared with 3.75p.

Trafalgar pulls out of land venture

By Simon London,
Property Correspondent

Trafalgar House, the conglomerate acquired earlier this year by Kvaerner of Norway, has unwound a £125m property joint venture with Kingfisher, the retail group.

The deal to dissolve Marsden House, the joint company set up in 1990, reflects Kvaerner's phased withdrawal from commercial property following the Trafalgar takeover.

Charwell Land, Kingfisher's retail property arm, has sold its 50 per cent stake in Marsden House to Trafalgar for £18.2m. In return, Charwell is buying the retail properties in the portfolio for £20.6m.

The two former partners are repaying about £50m of bank debt which was held off balance sheet.

In a separate move, Trafalgar has agreed to sell for £45m a large office building in Brooklands, Surrey. The buyer is Sony Corporation, the Japanese electronics company which occupies the building.

Mr Alan Winter, managing director of Trafalgar House Properties, said the company was left with full ownership of eight mainly office properties in London and the south-east.

These properties will be sold over the next few months as Trafalgar disposes of its property assets, he added.

Trafalgar's remaining properties include the Liberty shopping centre in Romford, east London, and large development sites at Baldic Exchange in the City of London, at Chiswick Park, west London, and Paddington Basin, adjacent to the West End.

Walt Disney appoints new ABC president

By Christopher Parkes
in Los Angeles

Walt Disney has reinforced its ABC television management with the appointment of Ms Jamie Tarses, a highly-rated programming expert from NBC, the leading US TV network.

She takes over as president of ABC Entertainment immediately, while Mr Ted Harbert, the division's current chief, is promoted to chairman.

The move marks a coup for Disney's top management, which has been preoccupied for much of this year with the task of restoring the ABC network's fortunes.

ABC slipped to second place in the 1995 annual ratings and dipped into third place in crucial early season samplings this year.

Ms Tarses is credited with developing the prime-time programmes which took NBC to the top of the ratings. These include series such as *Friends*, *Mad About You* and *Frasier*.

The expected hiring followed

a week of delicate negotiations to split responsibilities between the newcomer and Mr Harbert, whose feuders had been ruffled by lack of consultation over the appointment.

Ms Tarses had been consulted to ensure she won as much autonomy as possible in her new job.

She was approached initially by Mr Michael Ovitz, Disney president, the former head of the CAA talent agency whose independent approach to management decision-making has reportedly stirred resentment elsewhere in the orderly structure of the Disney hierarchy.

The agreement brokered this week gives Ms Tarses control over development and scheduling of all ABC prime time entertainment, while Mr Harbert will be responsible for business functions and finance, including production.

He also has the tricky task of managing ABC's joint ventures with Disney group rivals such as DreamWorks SKG and Bristle-Grey, a TV programming specialist.

Sale of AFG stake hits Glaverbel shares

By Neil Buckley in Brussels

Shares in Belgium's Glaverbel, Europe's third-largest glass-maker, fell BFR15 to BFR3,490 after it said it was selling its stake in AFG Industries, North America's second biggest flat glass maker, to its own majority shareholder Asahi Glass of Japan for BFR3.8bn (\$306m).

Glaverbel decided late on Thursday to exercise its sale option on its 41.76 per cent of common stock, and 36.05 per cent of non-voting preferred stock in Clarity Holdings, which owns AFG.

Mr Luc Willame, Glaverbel managing director, said the sale would strengthen the group's balance sheet and provide funds for other acquisitions. AFG's dividend prospects were not high enough to

cover the financial charges on Glaverbel's stake, he added.

The disposal of ordinary shares accounts for about BFR3.8bn, while the preferred stock is worth BFR3.8bn.

The BFR3.8bn consideration for the ordinary shares will be paid to Asahi in three stages: BFR1.2bn immediately in cash, a deferred payment of BFR2.9bn, and an exchange of AFG shares for a portion of Asahi's Glaverbel shares.

The latter will result in Asahi's holding in Glaverbel falling from about 68 per cent to about 59 per cent - although Asahi made clear it planned to retain majority control. The 9 per cent stake will be sold either on the stock exchange, taking the publicly-quoted portion of Glaverbel to about 40 per cent, or to another buyer.

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COMPANIES AND FINANCE

Eurotunnel presses for outline refinancing

By Andrew Jack in Paris and Geoff Dyer in London

Eurotunnel is holding meetings with its leading banks this weekend in an attempt to agree an outline refinancing plan ahead of its annual meeting in Paris on Thursday.

Sources close to the talks say that it is unlikely that a plan will be finalised by Thursday. However, they say that an

agreement is close. Eurotunnel is under pressure to provide an update on progress in the refinancing talks at the meeting from its shareholders, who fear that any refinancing plan will be against their interests.

However, if the company reveals too much information it runs the risk of antagonising some of its 225 banks, whose unanimous support is needed for any refinancing.

The outline plan is expected to involve the banks initially swapping part of their outstanding £8.8bn debts for an equity stake in the company.

The second part of the plan would involve issuing the banks with a number of financial instruments, such as convertible bonds, which can be converted into further shares if Eurotunnel does not achieve certain revenue targets over a

period of time. It is understood that the maturity and conversion price of these bonds is still being discussed by the company and its leading banks.

The two mediators appointed earlier this year by a French court are also finalising a confidential report on the negotiations, which must be submitted by the end of this month. Mr Robert Badinter and Lord

Wakeham must present their report to Judge Jean-Pierre Mattel, head of the Paris commercial court, by the time that their initial mandate expires on June 30, although they are not expected to make any public statement on their work.

However, in an indication that negotiations may not be completed before Thursday's meeting, Judge Mattel said late last week that he would consider extending the contract of

the mediators "if there are reasonable chances of seeing a solution".

The annual meeting promises to be a lively affair, as Eurotunnel was forced this week to change the location after 900 shareholders declared their intention to attend.

The company has been in negotiations with its banks since September when it suspended interest payments on more than £8bn of debt.

Jarvis priced at 175p

By David Blackwell

Jarvis Hotels, the middle-market group that is coming to the stock market, yesterday priced its shares above initial expectations at 175p.

On the grey market the shares closed at 181p, valuing the group at £318m - well above the £250m expected when the flotation plans were announced last month.

The prospectus, published on June 5, set a range for the book-building exercise of 150p to 170p, although it indicated that the price could be set outside the range. On Wednesday the range was raised to 180p.

The flotation raised £135.1m through a placing and clew-back offer that was almost seven times subscribed and attracted 25,000 private investors. Just over 82m shares have been issued - 46.6 per cent of the issued capital.

Mr John Jarvis, chairman and chief executive, said yesterday he was pleased with progress so far, and was looking forward to building the group as a public company. The strengthened balance sheet would facilitate steady growth, initially from 5,000 to 6,000 rooms.

Of the money raised, \$60m will be used to repay bank debt, and £73.1m to discharge obligations to existing shareholders. Pro forma net assets are £92.3m and net debt £56.6m.

The prospectus showed operating profits before exceptional items were £23m in the year to March 30, an 18 per cent rise, on turnover up 13 per cent to £101.7m. Pro forma pre-tax profits would have been £18.6m, and a national dividend of 3.4p would have given a national gross yield of 2.4 per cent.

Following the float the directors will have 2.9 per cent of the company after selling 1.7m shares. Candover and Electra, 20-year bonds - were issued and placed with the government on April 3, before Railtrack's flotation, on the understanding that they could be sold in the public bond market at a later date.

SBC Warburg is arranging the sale as part of its advisory role in the privatisation. The

offer, withdrawn from the bidding for Southern Water on Thursday after Scottish Power announced the terms of its improved offer. Southern Water said the offer represented a premium of 64p over the offer from Southern Electric and 74p over the value of the Southern Electric cash alternative that had been previously recommended.

"The Scottish Power offer now represents the highest offer available and accordingly the board will recommend shareholders to accept it," the company said.

"The board of Southern Water has received assurances from Scottish Power that it envisages that the integration of Southern Water into Scottish Power can be achieved without the need for compulsory redundancies and that the existing rights, including pension rights, of all Southern Water employees will be safeguarded."

Scottish Power will post its offer document early next week. It was still unclear last night whether the Scots would opt for a 21-day "bullet offer" or stick to the traditional 60-day timescale.

Scottish Power's offer consists of £10.232p in cash and 21.8p net dividend from Southern Water. The company plans to fund the bid partly through a rights issue which will raise £589m before expenses.

See Weekend Money

Caledonian Publishing set for £100m float

By Raymond Snoddy

Caledonian Publishing, the fifth largest newspaper group in Scotland, is coming to the Stock Exchange next month in a flotation expected to value it at about £100m.

Caledonian, which publishes both The Herald and Evening Times in Glasgow, was created through a management buy-out from Lonrho in 1982 for £94m, including assumed debt of £20m.

The aim of the flotation is to raise between £60m and £70m to pay off the company's £60m debt.

Caledonian has had a difficult few years, which included the national newspaper price wars and substantial increases in newsprint costs.

The Herald did not, however, join in the price-cutting and stayed at 45p before going up to 48p last month, compared with its Edinburgh-based rival The Scotsman, which has stayed at 42p.

The Herald lost only 5 per cent of its circulation at the height of the price-cutting battles and in the past six months has moved up to about 107,000, compared with The Scotsman's 80,000.

Yesterday The Herald was named morning newspaper of the year in the UK Press Gazette Regional Newspaper Awards.

Although The Herald is available all over Scotland, its circulation is concentrated in the Strathclyde region.

The 15 months to September 1995 Caledonian had a pre-tax profit of £3.9m on turnover of £60.6m. The company has been paying interests on its borrowings of £5.2m a year.

Some 57 per cent of the company is currently held by various investment funds of Robert Fleming, the merchant bank. Other significant investors include HSBC and 31 Management and staff hold another 10 per cent.

The pathfinder prospectus is expected to be published on Thursday, with trading set to begin by the middle of next month. The 50m new shares will account for about two thirds of the total equity. Fleming's holding will be diluted to about 20 per cent.

Caledonian will tell the City it has a strong franchise in the Greater Glasgow area and out-sells all the English national broadsheets combined in its core circulation area.

The Electronic Herald gets 7,500 hits a day. The service is currently free, but the company plans to introduce a subscription charge and advertising next year.



Brewing up: Will Hobhouse plans to open up to 15 branches a year for the foreseeable future

Whittard raises £8.5m from flotation and plans growth

By Christopher Price

Whittard of Chelsea, the upmarket tea and coffee retailer, yesterday placed 38 per cent of its shares at 148p each on the Alternative Investment Market, valuing the group at £23.5m.

The figure was at the top end of expectations and the offer was four times subscribed, raising £8.5m for Whittard. The venture capitalist investors who backed the company with £500,000 in 1988 will receive about 26m, with the remainder

used for working capital.

Mr Will Hobhouse, managing director, said the group intended to open up to 15 branches a year for the foreseeable future. It has a nationwide network of 79 stores.

Whittard is in talks to buy stores from the collapsed Facia group, and Mr Hobhouse said there were many other buying opportunities in the smaller retail store market.

Pre-tax profits for the year to May 31 rose 80 per cent to £1.5m, on sales of £20m. At the placing price, the

shares are on a historic p/e of 17. Mr Hobhouse, who was involved in the rapid growth of The Rack in the mid-1980s, and Mr David Gyle-Thompson, chairman, will each retain about a third of the company.

Some 138,000 shares will be distributed among 370 employees who have been with the company more than a year or have made a significant contribution.

Whittard estimates it has about 14 per cent of the UK speciality tea market, which is dominated by Twinings.

Railtrack starts roadshows for bonds

By Conner Middelmann

Railtrack, the recently privatised rail company which owns track, signalling and stations in England, Wales and Scotland, yesterday began investor roadshows for the sale of two bonds worth £235m.

The securities - £135m of 10-year bonds with a 9% per cent coupon and £100m of 5% per cent 20-year bonds - were issued and placed with the government on April 3, before Railtrack's flotation, on the understanding that they could be sold in the public bond market at a later date.

SBC Warburg is arranging the sale as part of its advisory role in the privatisation. The

bonds are targeted mainly at UK institutions but also at funds in continental Europe, SBC Warburg said. Roadshows continue this week in the UK and continental Europe and the sale is likely within two weeks.

According to Mr Melvin Pointer, Railtrack's treasurer, the company is not planning further forays in the bond market, despite receiving credit ratings yesterday.

"Although the ratings mean that the capital markets are now open to us, we have no plans for further bond issues at the moment," Mr Pointer said. He noted that Railtrack established a £2.35bn 5½-year syndicated bank loan just before the

flotation, which meant "we're not in a rush to do anything in the capital market."

Standard & Poors and Moody's Investors Service, the two international rating agencies, yesterday published credit ratings for Railtrack: S&P gave it A- while Moody's awarded it A2 - one notch lower.

According to S&P, its rating "reflects Railtrack's monopoly position as owner and operator of the UK railway infrastructure network, a supportive environment under the current government, a robust financial profile and secure cashflows derived from a number of fixed long-term contractual relationships with train operating

companies (TOCs)."

However, it noted risks include political uncertainty surrounding the privatisation and restructuring of the industry, the complex industry structure and legal framework, a large capital spending programme, modest passenger growth expectations, a demanding operating performance regime, and a gradual reduction in subsidies, which currently amount to over half of the TOCs' annual revenues.

Moody's also warned of "significant cultural shift that Railtrack personnel will have to undergo to adapt to the new structure of the sector, and the political risks attendant upon its privatisation."

Formal to buy Blakes via placing and offer

By Simon Kuper

Formal Group, the loss-making men's wear retailer, yesterday accompanied news that it is to acquire Blakes Menswear for a maximum of £4.5m with the announcement of a £3.5m placing and open offer.

Formal, which intends to move from the USM to a listing later this year, also announced a threefold increase in annual pre-tax losses to £2.36m (£296,000), on sales down 25 per cent to £7.95m for the year to March 31. Losses per share were 1.6p (0.7p).

The group was formed after a refinancing in February when Brackensbridge, the bridalwear company, took over Langside Hire, the formal wear hire concern. Blakes, a men's wear retailer operating mainly in the south-east, had pre-tax profits of £969,000 on sales of £6.5m in the year to January 31. Formal plans to expand the Blakes concept across a wider geographical market.

Mr Dan Taylor, director, said: "This is really our second acquisition on the path to building a larger men's retailer."

He hoped more acquisitions would follow soon. But the group also said that after a review being carried out now, it planned to close down or dispose of all business which are not shown to be making a satisfactory contribution.

Formal's firm placing and open offer, underwritten by Wise Speke, would help finance the Blakes acquisition and to provide working and expansion capital for the group. Formal has proposed a 1-for-50 share consolidation. Like-for-like trading since the year end was ahead of last year, and Formal forecast "a favourable trading performance for the current year."

Success in gaining extra long haul services helped Manchester Airport increase pre-tax profits by 9 per cent from £25.5m to £28m.

The company said the market for charter flights had still not recovered to pre-recession levels and remained flat. However, it had lifted profits by controlling operating costs, which rose by 1 per cent in nominal terms despite a 2.4 per cent increase in the number of passengers.

The airport, which is owned by Manchester city council and nine other districts of Greater Manchester, is seeking to build a second runway, seen as vital to secure extra capacity and allow it to obtain extra routes.

John Authers

Quality Care held to 4% rise

Wage rises, start-up costs and squeezes on care fees held interim pre-tax profits to a 4 per cent rise at Quality Care Homes, the Darlington-based company.

Profits of £2.4m were achieved on turnover up 80 per cent to £10.3m for the six months to April 30.

It opened new four homes in the period and raised its number of registered beds by 37 per cent to 1,782. Development costs resulted in capital spending of £4.2m and start-up losses of £454,000 (£208,000).

The company is building an average of eight new homes a year, with each home costing more than £1m. It warned that gearing - now at 58 per cent - would rise slightly.

Mr Duncan Bannatyne, chairman, said: "The benefit of the new homes opened should show during the second half of the year."

The interim dividend is 10 per cent higher at 1.815p, payable from earnings per share of 14.13p (12.85p). Analysts forecast full-year profits of £5.3m (£4.8m).

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NEWS DIGEST

Mirror Group buys News Letter

The Mirror Group confirmed yesterday that it is buying a controlling interest in Century Newspapers, publishers of the News Letter in Northern Ireland.

The paper publishes a free edition in Belfast and a paid-for edition for the rest of Northern Ireland. Founded in 1757, it claims the title of the world's oldest English language daily newspaper.

The Mirror is buying a 90 per cent stake; Sir Ray Tindle of Century will retain the remaining 10 per cent and will stay on the board as non-executive chairman.

The price of the purchase, while undisclosed, is believed to be less than £5m. However, the deal will involve a total Mirror investment of about £15m, including moving two modern colour presses to Belfast. As well as printing the News Letter the presses will produce Mirror Group titles for all of Ireland once existing printing contracts expire.

The Mirror Group said yesterday that there would be no change to the paper's editorial stance, which has always been robustly pro-Unionist. Mr David Montgomery, chief executive of the Mirror Group, said yesterday: "We are delighted to have this opportunity to strengthen our position in Northern Ireland."

Photobition shares fall

Photobition, the graphics group, yesterday reported a 59 per cent rise in full-year pre-tax profits to £2.9m, but saw its shares fall 15p to 573p.

Mr Eddie Marchbanks, chairman and chief executive, said some 20,000 shares had been traded in the morning, and pointed out that the shares were still on a "40 degree upward trend" since coming to market in February last year at 150p.

Earlier in the week they had hit a high of 400p. Forecasts for the group were downgraded in March from £3.1m to £2.9m by analysts at Tether and Greenwood after the sector reported a disappointing Christmas period.

Photobition said yesterday activity had since increased and it was "very happy indeed" with the results for the final quarter to March 31.

Four acquisitions contributed £2.03m to sales of £16.9m (£12m) and £223,000 to trading profit of £3.3m (£1.92m). Earnings per share were 18.7p (16p), paying a final dividend of 3.5p for a total of 6.5p. Ms Louise Barton of house broker Henderson Crosthwaite forecast profits this year of £3m and earnings per share of 25.6p.

Clerical Medical approves bid

Shareholders in Clerical Medical, the life insurer, yesterday approved the agreed bid by Halifax, the building society which is converting to a bank next year.

Nearly 98 per cent of the 126,523 shareholders - out of a total of 500,000 - who voted approved the bid, which was accepted by the Clerical Medical board in March.

Subject to court approval, the £90m deal should be finalised by the end of the year.

The acquisition, one of the largest of a UK life insurer, is likely to be Halifax's last before it floats on the Stock Exchange next year. It is part of Halifax's plan to become a broadly-based provider of personal financial services.

Halifax will sell life assurance, pensions and investments through independent advisers, keeping the Clerical brand name. The society already sells Halifax Life products through its branches.

It is the latest in a series of rationalisation moves in the UK life assurance sector and follows the purchase by General Accident, the composite insurer, of Provident Mutual last year.

James Latham falls to £1.4m

Difficult trading conditions in the year to March 31 resulted in a fall in pre-tax profits from £1.86m to £1.4m at James Latham. Sales showed little change at £79.6m.

Tighter control of working capital enabled the building materials group to reduce borrowings to £8.8m (£9.3m), producing gearing of 49 per cent (54 per cent).

The group said sales in April and May had shown a marginal rise on the comparable period.

ABE suffers £1.8m loss

Loss-making operations caused a pre-tax deficit of £1.64m at Associated British Engineering in the year to March 31.

Turnover was £58.3m, against £60.5m the previous year when a pre-tax profit of £383,000 was reported.

The latest results were hit by total losses on discontinued operations of £2.03m. Loss-making parts of the catering equipment side have been closed and Dawson-Keith, the diesel power generating set business, has been sold since the year end at a profit of £1.53m, which will be accounted for in the current year.

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BANCO DI NAPOLI
US\$ 100,000,000
SUBORDINATED FLOATING RATE DEPOSITARY
RECEIPTS DUE 1996

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Depositary Receipts, the rate of interest for the six months period from June 21, 1996 to December 23, 1996 (185 days) has been fixed at 6.42344% per annum.

The interest payable on December 23, 1996 will be US\$ 330.09 in respect of each US\$ 10,000 Note and US\$ 3,300.93 in respect of each US\$ 100,000 Note.

Agent Bank
**BANQUE INTERNATIONALE
ALUXEMBOURG**

Company	Turnover (£m)	Pre-tax profit (£m)		EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total for year
		1995	1996						
Cambridge Water	15.7 (15.1)	5.14 (6.38)	28.48 (22.87)	5	Aug 2	3.33	8.80	6.11	
Formal S	8.23 (10.6)	2.28 (0.55)	1.5 (0.71)	nil	nil	nil	nil	nil	
Kalamazoo Computer	66.7 (67.7)	5.89	1.92 (11.8)	3.05	Sept 2	2.75	4.15	3.75	
Latham (James)	79.8 (80.1)	1.4 (1.86)	21.5 (27.4)	4	Aug 13	3.75	6.25	5	
Photobition	18.9 (12)	2.8 (1.82)	14.71 (15)	3.9	Oct 2	3.6	6.5	3.6	
Quality Care Homes	10.3 (7.92)	2.41 (2.31)	18.13 (12.85)	1.815	July 30	1.85	-	4.95	
Investment Trusts	Nil	Applicable Company (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total for year	
BZW Commodities	143.5 (100.4)	20.4 (3.04)	3.0 (3.3)	-	-	-	-	-	
Becha	474.74 (440.03)	6.94 (4.58)	4.911 (2.704)	3.9	Aug 9	3.85	-	7.55	
Henderson	480.1 (282.1)	0.002 (0.094)	0.01 (0.56)	-	-	-	-	1.4	

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *Comparatives restated. †After exceptional credit. ‡In increased capital. §USM stock. ††

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS Copper losses 'absorbed'

By our Commodities Staff The London Metal Exchange's copper market "has absorbed one of the world's biggest financial shocks and it has resulted in no major problems and no financial failures", said Mr David King, chief executive of the exchange, on Wednesday.

tonne rise in LME stocks, which drove copper for delivery in three months to \$1,570 a tonne at one point, down more than \$100 from the previous day's close. Nevertheless, LME stocks remain relatively low and very tightly held and anyone who wanted copper for nearby delivery was having to pay unprecedented premiums yesterday: \$30 a tonne to roll over a short position for one day and \$28 a tonne to roll over a position for a week.

This was a crucial day for the exchange in the wake of Sumitomo's claim that its senior copper trader had concealed losses of US\$1.6bn. On the third Wednesday of each month futures contracts must be closed or physical metal will be delivered. This means that a big concentration of June business took place in the first three days of this week. The market remained relatively calm, however. The hectic activity took place last weekend, traders suggest it is believed that the main thrust of this effort was to achieve a behind-the-scenes settlement of Sumitomo's outstanding contracts on agreed terms.

The sharp rise followed suggestions that the latest confrontation would undermine the recently concluded oil for food deal, under which Iraq will be allowed to export \$2bn of oil every six months to pay for food, medicine and other essential items. Prices eased by midweek but they stayed above the \$18 a barrel level yesterday as traders awaited the outcome of talks yesterday between Iraqi and UN officials.

WEEKLY PRICE CHANGES Table with columns: Commodity, Last week, Change on week, Year, High, Low. Includes Gold, Silver, Copper, Aluminum, Zinc, Nickel, Tin, Wheat, Soybeans, etc.

BASE METALS

LONDON METAL EXCHANGE Table with columns: Metal, Price, Change, High, Low, Vol. Includes Copper, Aluminum, Lead, Zinc, Tin, Nickel.

Precious Metals continued

GOLD COMEX Table with columns: Date, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

WHEAT LCE Table with columns: Date, Price, Change, High, Low, Vol. Includes Wheat, Soybeans, Corn, Barley.

SOFTS

COCOA LCE Table with columns: Date, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

MEAT AND LIVESTOCK

LIVE CATTLE CME Table with columns: Date, Price, Change, High, Low, Vol. Includes Cattle, Hogs, Pigs.

ENERGY

CRUDE OIL NYMEX Table with columns: Date, Price, Change, High, Low, Vol. Includes Crude Oil, Heating Oil, Natural Gas.

PRECIOUS METALS

LONDON BULLION MARKET Table with columns: Metal, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

FUTURES DATA

Table listing various futures contracts and their prices, including Soybean Meal, Soybean Oil, and various grains.

INDICES

Table showing various market indices such as FT-100, Nikkei, and Dow Jones.

OTHER FIXED INTEREST

Table listing interest rates for various countries and currencies.

WORLD BOND PRICES

Table showing bond prices for various countries including Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, US Treasury, and ECU.

MARKET REPORT

By Richard Lapper, Capital Markets Editor Government bond prices were firmer across the board yesterday, with a stronger dollar and expectations of interest cuts again fueling outperformance by high-yielding European bonds.

US INTEREST RATES

Table showing US Treasury bills and bond yields for various maturities.

BOND FUTURES AND OPTIONS

Table showing prices for French, German, and Italian government bond futures and options.

LONG GILT FUTURES (LGF) £50,000 30/360

Table showing prices for UK long gilt futures contracts.

FT ACTUARIES FIXED INTEREST INDICES

Table showing fixed interest indices for UK Gilts, including 1 to 5 years, 5 to 10 years, etc.

UK GILTS PRICES

Table showing prices for various UK government gilts.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds for various countries with columns for Coupon, Red Date, Price, Day's change, Yield, and Weak/Month.

FT FIXED INTEREST INDICES

Table showing fixed interest indices for various countries and currencies.

UK GILTS PRICES

Table showing prices for various UK government gilts.

OTHER FIXED INTEREST

Table listing interest rates for various countries and currencies.

MARGINED CURRENCY DEALING

Advertisement for Laurion, a margined currency dealing service, listing contact information and services.

OTHER FIXED INTEREST

Table listing interest rates for various countries and currencies.

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday June 22 1996

Not yet peace in our time

Tory backbenchers are reserving judgment about Mr Major's success in handling the beef crisis, say Robert Peston and John Kampfner

The sins of the fathers

When the prodigal son returned from his spending spree, he was lucky to find brothers working to finance his bout of consumption. Alas for the nations of Europe, they cannot turn to a bountiful parent, nor get much help from stronger economies. For 20 years, the governments of all advanced countries have been almost equally prodigal.

Now, in an extraordinary conjunction of virtue, they are all seeking to retrench. The results are likely to be far from comfortable. The Organisation for Economic Co-operation and Development said in its latest Economic Outlook this week that the simultaneous attempt by all the big economies to cut their deficits "will represent a unique situation in recent history".

For European Union heads of government meeting in Florence this weekend, blunter words might be appropriate. It is a dreadful position to be in, as growth falters and unemployment in the Union moves up towards 15m people or more than 11 per cent of the workforce. Yet despite the wringing of hands, the options now open to European governments are fairly limited - as is usual for debtors.

European monetary union, which has been invested with huge political significance in France and Germany, requires that countries wanting to sink their currencies into the Euro must cut general government deficits to no more than 3 per cent of national income by 1999.

The OECD estimates that even taking account of the tough measures implemented last year, all the larger countries will fall. France and Germany are trying to make further cuts but they may not be enough. An Emu comprising Denmark, Finland, Ireland, Luxembourg and the Netherlands is hardly the way to begin a new chapter in the continent's history.

Untouchable criteria

If the larger countries including Germany and France were to raise taxes (or cut spending) enough to meet the target, this would amount to a tightening of some 1 per cent of the EU's gross domestic product, just the opposite of what is needed to provide more jobs.

Perhaps they should follow the lead of Bobby Fischer, the former world chess champion, who wants to jumble up the pieces on the principle that if you cannot beat the system, change it. The criteria laid down for monetary union by EU leaders in Maastricht may be arbitrary, but like the laws of chess they seem untouchable.

Markets certainly expect Emu to be achieved, as is evident from the convergence of long bond rates in EU countries including France and Germany.

So any backsliding from the Maastricht timetable could send an adverse signal to the markets, push up long rates and make the prospects for growth significantly bleaker. Besides, the reasons for wanting to pass through the Maastricht defile are compelling even without the shadow of monetary union. EU governments have piled up debts equal to more than 75 per cent of total GDP, almost twice the proportion at the end of the 1970s.

Financial rectitude

Germany, that model of financial rectitude on which the ideals of monetary union were once based, is now producing a string of statistics which look as if they were "made in Britain". Its public debt is now higher as a proportion of national income than the UK's, despite the UK's orgy of deficit financing since 1990. Its unemployment rate is not only higher than the UK's but expected to increase to 10.4 per cent of the workforce by 1997, compared with a decline in the UK to 7.5 per cent. And just to make things more difficult, Germany's latest money supply figures (M3) last week showed an annual growth rate of 10 per cent, the same as the growth rate of Britain's M4, both above target.

So the balance between taxes and spending can hardly be loosened, even if it is decided to dilute the Maastricht criteria with a splash of pragmatism. That leaves interest rate policy - on which the OECD clearly pins its best hopes. The German discount rate at 2.5 per cent is at its lowest since the 1950s apart from a couple of episodes. The repurchase rate, at 3.3 per cent, might perhaps be edged lower, but the latest money supply numbers hardly encourage this.

The authorities' best hope is of creating a virtuous circle in which fiscal tightening will encourage long rates to come down and, after a bumpy ride, help to encourage a renewal of growth. Clearly this will be affected by developments in the US. But although short rates have risen, bond rates may not need to rise much providing inflation is kept under control.

And if the economies can come through an unpleasant period relatively unscathed, the OECD foresees at least one great prize: extremely subdued inflation, perhaps even lower than 1 per cent by 2000. The bond markets have not yet moved into this brave new world. Perhaps they will not believe it until they see it.

John Major appears to be dogged by a mischievous angel in his dealings with the European Union. From his travel arrangements to his attempts to convince the British electorate that he has won a famous victory against EU intransigence, if it can go wrong it probably will.

His journey to the Florence summit was strewn with problems. On Thursday night, the prime minister's flight from London was diverted to Pisa because of a power failure at Florence airport.

But Mr Major struggled on. And although the EU summit in the heat of Florence yesterday agreed a framework for the gradual lifting of the EU ban on British beef exports, UK attempts to portray the agreement as meeting all its objectives were immediately ridiculed by other participants.

The confusion stemmed from whether the UK would be allowed to sell beef to countries outside the EU before it is able to export the meat to Europe. The UK interpreted a single sentence issued by the EU presidency, Italy, as giving it this opportunity. Others said the sentence was more or less meaningless. "Frankly it was a symbolic gesture to allow Major to pretend to his party that he is riding home in triumph," said an official from another European country.

The UK government reacted furiously. The Commission cocked it up," said a senior British official.

But what really overshadowed the prime minister's expected hour of glory was the report, which surfaced only hours after he reached Florence, that Mr David Davis, the UK's foreign office minister for Europe, had offered his resignation. One of his most ambitious ministers, Mr Davis played a central role in the government's campaign to disrupt EU business over the past month.

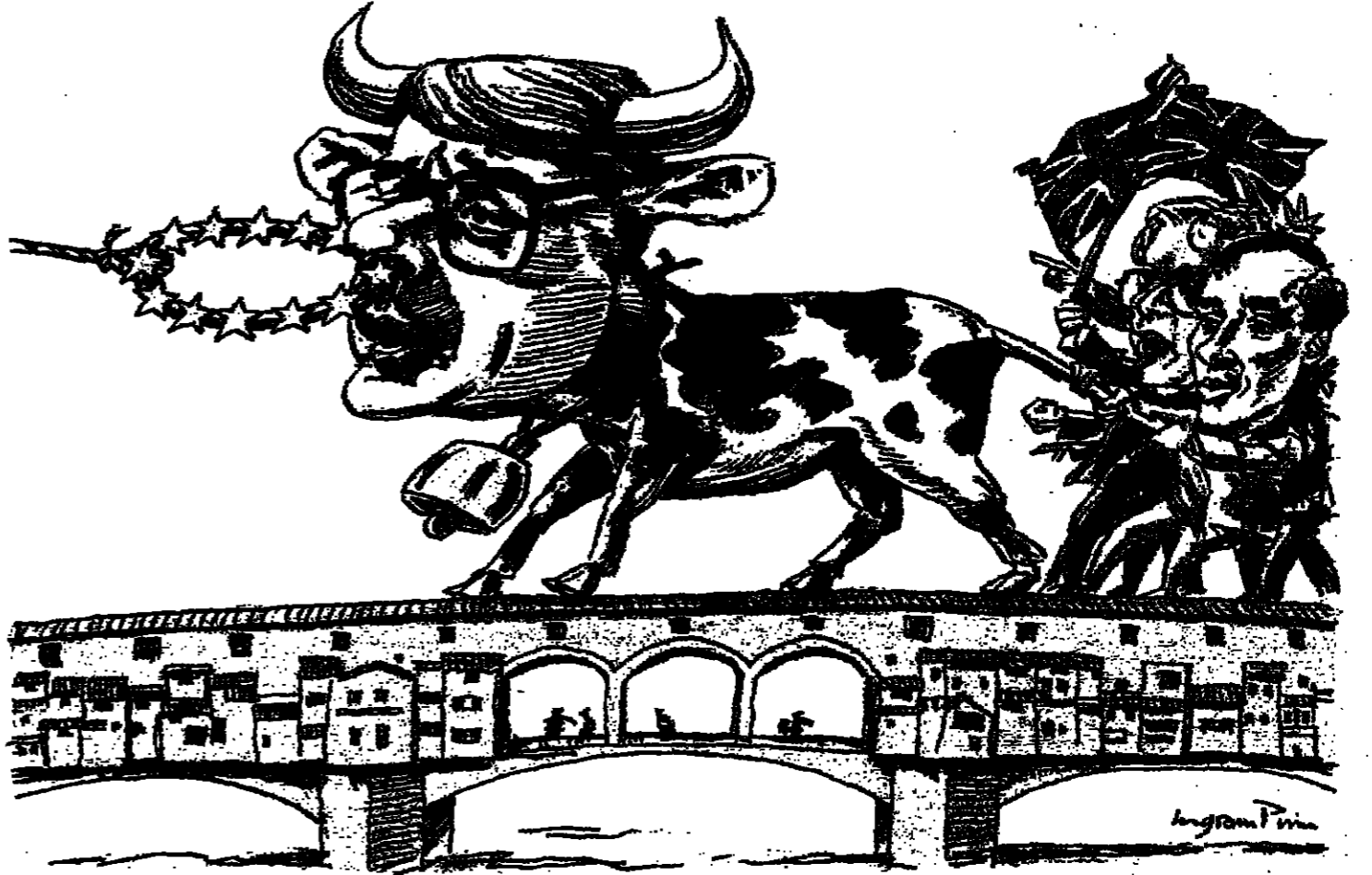
Mr Davis had apparently written a letter saying he wished to quit for a mixture of personal reasons and unhappiness at the direction of EU policy. His resignation had not been accepted and he was said to have been pleased by the offer of a cabinet post later this week.

It later emerged that his discontent probably preceded the campaign to disrupt EU decision-making. But even so, the disclosure reports were potentially damaging for the Tory party's fragile unity.

The rot had to be stopped. Some time after 2am yesterday, a statement from Mr Davis was eventually produced, dismissing the reports as "rubbish". He would be arriving in Florence to play a full role in the government's negotiations.

But on the question of whether and when a letter had indeed been written, Downing Street officials refused to be drawn. In a world of mutual mistrust between journalists and government, a non-denial is regarded as confirmation. What the prime minister described as a "silly story" is thus unlikely to subside quickly.

The incident came at the end of a



week in which Mr Major - to use his latest pet phrase - had had a "bellyful" of the media. He was incensed by newspapers presenting progress towards lifting the EU's ban on UK beef exports as a British climbdown.

He insists he has achieved all the goals set when launching his campaign of refusing to co-operate in EU decision-making. "When we pressed the button, we made it perfectly clear that we wanted a lifting of the ban on exports of derivative products [sausage, tallow and gelatine] and a framework for the eventual lifting of the whole ban," says one of his close colleagues. "And that is what we have got."

The problem for Mr Major is that while he may have been careful over the past few weeks not to elaborate on these goals, some of his ministerial colleagues were not. Some suggested the UK would not accept any increase in the cattle cull and allowed the idea to gain currency that there would be a firm timetable for lifting the ban.

In the event, the UK has been forced to agree to a significant increase in the number of cows to be destroyed in an accelerated programme of slaughter. The statement of mad cow disease in the summit declaration increases the probability that future decisions on the phased lifting of the beef ban will be based on "scientific and technical advice" and not be vulner-

able to European political rivalries. But the plan agreed yesterday does not contain a timetable for lifting the ban on UK beef exports.

It is all a far cry from ministers' hopes a month ago that the campaign against the EU would blind the Tory party together and enthuse the UK electorate. Meanwhile, senior members of the cabinet are now distancing themselves from the nationalist element of the battle. Mr Malcolm Rifkind, the UK foreign secretary, insisted that "it was newspapers that adopted all this stupid rhetoric about war and Falklands factors and all this rubbish", although he did not "doubt that there were some parliamentarians who also got carried away".

In assessing the final balance sheet of the European offensive, Mr Major's allies say he had no choice but to take drastic action. The sight of Mr Douglas Hogg, the agriculture minister, being rebuffed in European capitals in his attempts to lift the beef ban, had increased hostility among Eurosceptics at Westminster. "Dear old Douglas kept on coming home and saying 'we're making progress but it won't be today'," said one minister.

Now the crucial question for the prime minister is how his parliamentary colleagues will react to the Florence deal. Labour business managers are likely to use the next

available day to table an opposition motion to condemn the government's handling of the beef crisis.

Gauging the Tory party's mood yesterday was difficult, since MPs had returned to their constituencies for the weekend. But some of the more aggressive Eurosceptics were surprisingly emboldened. Mr Bill Cash, the MP for Stafford who has been a constant thorn in Mr Major's side, said the "tough action" had "brought a resolution to the question sooner than expected". There was even praise for Mr Jacques Santer from Sir Teddy Taylor, the arch-Europhobe MP for Southend. He said the European Commission president had been "more than helpful".

However most backbenchers said they wanted the weekend to mull over the deal and ascertain whether the government had secured any enforceable arrangement on when the UK can resume exports to countries outside the EU. One former minister made clear that the stakes were high. "If Major has let us down, he'll rue the day he ever started this," he said.

Mr Major had hoped the decision by the backbench 1922 committee to prevent any leadership challenge until after the next election would and the sniping against him. But while there has been the odd month of relative peace since last summer's leadership election, the government's disclosure in March of a

possible link between BSE and Creutzfeldt-Jakob disease in humans shattered any hope of calm.

The febrile atmosphere of recent weeks - when the prime minister has been trading thinly disguised insults with his predecessor, Lady Thatcher - mirrors events exactly a year ago. Then, a series of hostile meetings with backbenchers convinced Mr Major he had no choice but to "smoke out" his adversaries and invite them to challenge him for the party leadership.

"There is no speculation about a further leadership contest at the moment. In spite of Labour's commanding lead in the opinion polls, there is even talk about an autumn general election, rather than going to the country at the last possible moment next May."

"Personally I think it would be collective suicide to go so soon," says a senior cabinet minister, "although Major has this funny habit of taking us by surprise."

But even recognising Mr Major's penchant for the unexpected, an early election in part depends on some improvement in the party's popularity. That in turn depends on restoring Tory unity.

Falling off both, in the words of Mr John Redwood, last year's challenger for the party leadership, "hinges on Europe". *Comme tousjours*, Mr Major might have missed yesterday, in a fleeting gesture of European solidarity.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "line"). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Immense potential to be unleashed in E Europe

From Mr Keith Richardson.
Sir, The rampant Euroscepticism of Martin Wolf's "Thinking the unthinkable" (June 18) defies belief. To dismiss the strategic importance of Europe's internal market by a comparison with Hong Kong is facile. Where would Hong Kong be without its "privileged access" and indeed leading role in one of the world's most dynamic internal markets, namely China? Every region and the world is different. Europe should learn what it can from the Far East but has to build on its own strengths and eliminate its own weaknesses. The most positive dynamic factor in Europe is the slow evolution from mid-century fragmentation towards the open and integrated economy in which skills and resources flow freely, to the benefit of customers, workers and investors alike.

The internal market is one step on the road, still uncompleted, but it has already made a decisive contribution towards cutting costs and checking inflation throughout

Europe. The single currency is the essential next step, buttressed as it must be by continuing financial disciplines. Enlargement into central and eastern Europe is a further move of immense implications - like finding a Far East on our own doorstep if we can unleash the potential there.

The issue for the UK is whether it wishes to play a leading role in this process or not. Staying in will be hard and raise many complex problems, to be tackled in concert with friendly partners. But going out would be harder, a step into the unknown, posing challenges that are quite unpredictable. It is the British voters who would pay the cost. They deserve to be better informed before they decide.

Keith Richardson, secretary general, The European Round Table of Industrialists, Avenue Henri Jaspard 113, 1060 Brussels, Belgium

Out of tune with this game

From Mr Tom Gillie and Mr Owen Cryan.
Sir, If the music headed *Ode to Joy* in the illustration to the article "Why soccer is still scoring" (Weekend FT June 18) is to be our guide, our chances of playing the tune adopted for the European Football Championship will be even lower than England's chance of winning it.

Tom Gillie, aged 8, Owen Cryan, aged 9, 19 Elmwood Road, London N7 0AD, UK

From Mr Geoff Gibas.
Sir, Yellow card for Simon Kuper! While football demonstrates europhilia the Financial Times writes for North America ("Why soccer is still scoring", June 8/9).

Even CNN calls the beautiful game football... not to mention FIFA, UEFA and the FA. Play the game gentlemen, please.

Geoff Gibas, Gibas & Partners, B-1860 Groenendaal, Belgium

Extend powers of the Queen

From Mr Ted Robinson.
Sir, The Liberal Democrats' proposal to curb the Queen's powers astounds me. What is needed in this age of ignorant and incompetent politicians is surely an extension of the powers of a level-headed monarch such as our Queen. I was considering transferring my allegiance from the

Conservatives to the Liberal Democrats, but this incredible news puts my vote in the melting pot again.

Ted Robinson, 2 Pound Cottages, Lutshelgh, Devon TQ13 9TJ, UK

Premature to suggest ending of Net Book Agreement is ineffective

From Mr W.J. West.
Sir, Francis Fishwick's suggestion that the abolition of the Net Book Agreement in the UK has failed to trigger a surge in sales ("Ending Net Book Agreement fails to boost sales", June 20) is premature. It will take some time for the new regime to bed down after more than a century of regulation, and there are already pointers to its likely success.

Mr Eddie Bell, executive chairman of HarperCollins, recently disclosed that sales of Lord Archer's

The Fourth Estate had reached 269,000 copies against an initial sales projection of 178,000 copies. There is clear evidence that this is because of the abolition of the Net Book Agreement and the efforts of independent booksellers that Mr Fishwick claims are powerless in the face of large chains.

Here in Exeter, Waterstone's and Dillons are both selling *The Fourth Estate* at its full price of £18.99 - for all the world as if the NBA was still in operation. W.H. Smith is offering discounted copies at £8.49. But the

real bargain is from a small high street bookshop that has taken the new regime to its heart. It is offering *The Fourth Estate* at £7.99, and if you chance to call during its "happy hour" the price falls by a further 10 per cent to £7.19. The same firm is offering the latest John Gribsham book at a large discount.

The gap between the two large chains which are pretending nothing has happened post-NBA, and the small shop that must scarcely be making a profit, is far too wide. No doubt the market will

settle down to something akin to the US experience where the larger chains typically offer a 33 per cent discount on the top 10 sellers.

Mr Bell's achievement in selling 269,000 copies of Lord Archer's stately volume suggests sales will increase, and by more than enough to cover lost margin. The key, of course, is genuine new sales.

W.J. West, Mowhayes, 38 Fairpark Road, Exeter, Devon, UK

BAA regulatory regime comes at high price

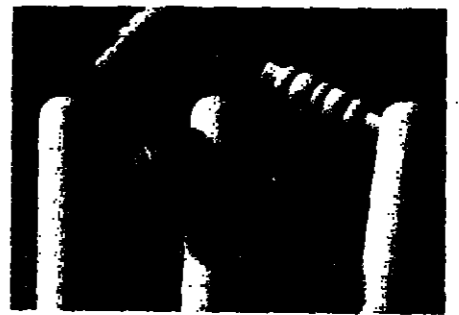
From Mr Gideon Nellen.
Why is BAA's share price trading at a prospective earnings multiple of more than 14 whereas most other regulated monopolies trade at 10? Lex (June 13) answers this question by pointing out that the Monopolies and Mergers Commission (presumably relying on evidence from BAA) underestimated BAA's capital base and allowed it to earn 10 per cent on its capital rather than the target of 7.5 per cent and that investors are speculating on the cosy regulatory regime continuing.

However, the MMC would also have relied on BAA's flight forecasts. As BAA has consistently underestimated these it is likely that the MMC would have done likewise. Its price-capping of landing fees artificially stimulates an insatiable appetite for the airlines to land at Heathrow, where charges are already among the lowest in the world.

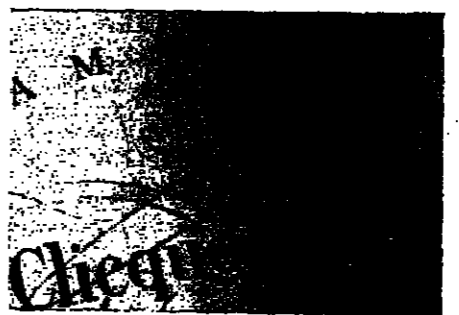
The scale of the under-charging has been estimated at £50m a year - a sum which could usefully be levied by the government and spent on, for example, upgrading London's ailing underground transport system.

The UK is paying a very heavy price for this perverse regulatory regime which subsidises airlines to use Heathrow and which fails to recognise the environmental impact on London which this policy causes.

Gideon Nellen, Nellen & Co, solicitors, 19 Albemarle Street, London W1X 3BA, UK



OUT FOR A DUCK



IN FOR A TREAT

The Champagne Year Made by Veuve Clicquot	20-24 June
GUINNESS'S STOUT	20 June - 14 July
WHEAT CRISPS	21 June - 14 July
ROYAL DUTCH SHELL	20 June
VEUVE CLICQUOT CHAMPAGNE	20 June - 27 July
HEWLETT PACKARD	1-7 July
HEATHROW AIRPORT	8-14 July
BAIRD GROUP	11 July
THE CHAMPAGNE YEAR MADE BY VEUVE CLICQUOT	22-29 July
GUINNESS'S STOUT	30 July - 5 August

Veuve Clicquot
CHAMPAGNE OF THE SEASON

Man in the News · Alexander Lebed

Crown prince in command

Chrystia Freeland on the general who could yet be Russian president

Power is never given, it can only be seized. Mr Alexander Lebed grew to reporters this week. It is a phrase which nicely summarises the political philosophy of the 46-year-old retired general who this week took third place in the first round of voting in the Russian presidential election.

Mr Lebed's instinct for grasping the main chance has been demonstrated over the past few days with a series of deft political manoeuvres which have transformed the unemployed soldier into one of the men most likely to succeed Mr Boris Yeltsin as the country's president.

In less than a week, Mr Lebed has managed to use his unexpectedly strong third place showing in last Sunday's election to seize one of the most influential jobs in the country. His admission into the Kremlin came at the will of Mr Yeltsin, who gave his former rival top job in the powerful Security Council in an effort to win the support of the 11m Lebed voters in the second round ballot on July 3.

Mr Lebed acted quickly to transform this presidential gift into real power. Just a few hours after stepping into his new post, the maverick commander was already ruffling feathers with his casual announcement that he had thwarted a "mini-coup" planned by five generals loyal to Gen Pavel Grachev, the former minister of defence who was sacked at the same time that Mr Lebed was appointed.

Mr Lebed's boldness earned him a swift public rebuke from Mr Victor Chernomyrdin, the prime minister, who dismissed the new security chief's claim

as "nonsense" and sternly advised the newcomer to "behave more quietly". Yet less than 24 hours later, Mr Lebed was at it again, warning that "any mutiny will be quashed with extreme severity" in a 3:30am television broadcast.

It was this nocturnal performance which marked Mr Lebed's emergence as something more than a cheerleader for the Yeltsin campaign. By taking to the airwaves, the towering military man who had campaigned on a moderate nationalist ticket openly aligned himself with the Kremlin's liberal faction in its pitched battle against the hardliners.

So far, that looks to have been an astute move. Mr Yeltsin, who has been both prize and referee in the three-year interregnum contest between the reformist and conservative wings of his government, this week handed a significant victory to the reformists by sacking the three top hawks from his government.

That outcome has been doubly good for Mr Lebed. It has earned him the gratitude of the triumphant reformers, who publicly credited Mr Lebed with their victory. And, with most of the country's hardliners gone, Mr Lebed's rule over the nation's vital security forces today seems virtually unchallenged.

This week's elevation is little short of a political miracle for a man who was in disgrace less than a year ago for his quarrels with army top brass. He was forced to abandon the dusty provincial town of Tiraspol, capital of a Russian breakaway enclave in the former Soviet republic of Moldova where he commanded the 10,000-strong 14th army. But in the eyes of many political observers, not least Mr Lebed himself, it is merely the harbinger of greater things to come.

Even two years ago, as an obscure officer stationed on the outskirts of a crumbling empire whose main distinction was a talent for insulting his superiors, Mr Lebed believed he was destined to rule Russia. He had watched the seemingly hegemonic Soviet regime crumble in hot spots including Afghanistan and the coup-threatened Moscow of August, 1991. He publicly mused that the Kremlin should be occupied by a stern military man in the mould of General Augusto Pinochet, the former Chilean leader, and offered himself in that role "if the country needs me".

A physically imposing man who boasts of his daily cold showers and moderate drinking habits, Mr Lebed's confidence has been understandably bolstered by the heady events of the past six days.

Just a few hours after polls had closed showing him in third place, Mr Lebed was already gruffly informing television viewers that his strong performance was inevitable because he was "a born winner". When he strode into the Kremlin two days later to join the president's team it was with the confidence of the nation's crown prince.

That is an impression the country's sovereign, Mr Yeltsin, has been happy to foster, hinting publicly that Mr Lebed is his chosen successor. But there are dangers for the general in tying his fortunes too closely to the current regime.

The biggest question hanging over the government Mr Lebed has just joined is the July 3 run-off between the president and Mr Genadiy Zyuganov, his communist challenger. Mr Yeltsin's 3 per cent lead in the first round of voting has made many observers complacent about the final showdown, sparking a forecast of victory by many of the president's senior supporters and a surge in the Russian stockmarket.

But some Russian politicians and western observers are less sanguine. Foremost among the prophets of doom were the ousted hardliners who had been insisting this week that

ceeds in convincing enough voters to support his former rival, he could still face a rocky future. In uniform, he had a rough tongue which sometimes jeopardised his career: he liked to describe the defence minister as "a prostitute", a nickname which ultimately forced the maverick officer into early retirement.

By his own admission, Mr Lebed is "new at this job of being a party boss". In the byzantine corridors of the Kremlin this outspoken son of the free-wheeling Don crossroads could soon find that his independence makes it easy for opponents to outmanoeuvre him.

If he is as clever as he is ambitious, Mr Lebed will take as his model the other deep-voiced, rough-hewn provincial boy who made it to the plush confines of the Kremlin: Boris Yeltsin. Like his younger ally, Mr Yeltsin is wilful, enormously self-confident and who also occasionally alienated his superiors during his long climb to power with impulsive attacks. But while Mr Yeltsin may look like the innocent flower, his folksy - even crude - exterior, conceals the serpentine heart of a cunning party functionary who rose to the top of the ruthless Soviet hierarchy.

Better than his protégé, Mr Yeltsin knows that true power can only be seized. He is also certain to realise what may not have fully dawned on Mr Lebed: that all the authority the retired general currently enjoys was the president's gift. As three of Russia's mightiest men have already discovered this week, what the president gives, he can also take away.



Hollywood's excesses are to be reined in as earnings from film-making fall, says Christopher Parkes

A rapid-fire sequence of big-budget Hollywood films promises record takings at US cinemas this summer, with likely ticket sales estimated at up to \$2.6bn (£1.65bn).

However, expectations of box office success have also raised urgent questions about whether profits might be much better if there was not quite so much of a good thing. Complaints are rife that films which would otherwise have enjoyed long runs are being pushed out of cinemas prematurely by the rush of new releases.

Walt Disney's search for an answer was revealed this week when Mr Joe Roth, the group's studio chief, announced plans for the company to halve live action film output to about 20 releases a year. The move is the first by a leading studio to tackle the glut. It may also spell curtains for low-budget Disney movies such as *Celtic Pride* aimed at teenagers.

Young audiences come and see hit movies like *Twister* just like everyone else, and are not interested in movies aimed at them," said Mr Roth.

Twister, the tale of a tornado and its trail of destruction, started the season with a bang and has so far taken \$300m at the US box office. It opened two weeks ahead of cinema's traditional summer start on Memorial Day weekend at the end of May, to avoid clashing with *Mission: Impossible* starring Tom Cruise.

Impossible broke all box-office records for the weekend, before being knocked off the top spot by *The Rock*, a Disney action movie set in Alcatraz.

This year's full-length animation feature from Disney, *The Hunchback of Notre Dame*, opened yesterday. Despite clashing with the release of

Screened for viability



And cut: big studios plan to slash output as schedules become crowded with blockbusters such as *Twister* (left) and *Mission: Impossible*

Arnold Schwarzenegger's latest, *Eraser*, it is expected to be as popular as predecessors such as *Pocohontas*. Still to come are an estimated three or four new releases every week until the end of August, including *Independence Day*, a \$75m alien-invasion thriller from 20th Century Fox. Thanks to its advance promotion as "movie of the year", it will be the only blockbuster released on the July 4 holiday weekend.

But if summer came early to Hollywood this year, winter is close behind. Analysts say this year's profit prospects are no brighter than last, when film earnings at market leader Disney fell an estimated 35 per cent. The three production companies owned by Turner Broadcasting System generated operating profits of just \$57m last year, a return of only 6 per cent on a \$1bn investment. Viacom, the entertainment conglomerate, blamed poor

returns from its Paramount Studios for a 60 per cent dive in first-quarter earnings this year. Viacom has now promised a more "cautious" approach to film-making and is considering holding over until 1997 some of the 23 releases planned for this year.

Disney's decision to halve output was forestalled by a second quarter write-off of \$60m as a batch of development projects was cancelled. Rival studios saw the move as a retreat, signalling the failure of Disney and its associates - which routinely account for 20 per cent of Hollywood output - to squeeze the competition by sheer weight of numbers. But the reasons behind the retrenchment are more mundane. They include cost-inflation and a glut between film supply and demand. US cinema attendance is stagnant: the box office gross rose 1 per cent to a record \$5.4bn last year thanks

only to higher ticket prices. Yet the number of titles released increased almost 10 per cent and production and marketing costs rose by up to 15 per cent to more than \$50m a film. A shortage of sure-fire box-office stars has resulted in a bidding war for leading actors which last year saw Sony Pictures paying \$20m to Jim Carrey, star of comedies such as *Dumb and Dumber*, for the lead role in *The Cable Guy*.

Released last weekend, the \$70m black comedy is reported to have made an uncertain start. According to Hollywood's rule-of-thumb, a picture's ultimate financial success depends on its generating domestic box office sales of twice its production costs, so projections of \$80m in ticket sales for *The Cable Guy* suggest financial failure could be looming. Future revenues from video sales and rentals, and

sales to TV networks, are closely related to a movie's initial performance. However, the present squeeze has come too late to prevent the number of US film releases this year exceeding last year's 426. Inevitably there will be casualties.

Late last year Carolco Pictures, the independent studio responsible for the *Rambo* and *Terminator* series, collapsed and the assets were bought by 20th Century Fox for \$50m. The independent's *Cuthroat Island*, a \$75m pirate saga, was the first casualty of 1996, sinking straight to the bottom shelf of the video rental stores. Several other independents, including Samuel Goldwyn and Hamdale Productions, have also collapsed.

Others have found protection beneath the wings of acquisitive groups. Miramax, maker of *Pulp Fiction* and distributor of *Il Postino*, is safe under Disney

patronage. New Line Cinema, responsible for early Jim Carrey hit *The Mask and Seven*, was acquired recently by Turner Broadcasting System and last year ordered to double its output.

The results have been less than rewarding so far. Turner has since written off \$60m against scrapped projects, while its Castle Rock studio - maker of *The American President* - is up for sale.

But money, according to Disney's Mr Roth, is not the only issue. There is simply not enough talent in the market to produce 40 well-told, well-directed and well-acted Disney films every year, he said.

Possibly not in Hollywood. But some studios are increasingly going further afield to unearth talent and alternatives to the special-effects, big-budget blockbusters which obsess Tinseltown.

For example, Castle Rock has bought in "art" movies, including US production *The Spitfire Grill*, the audience favourite at a recent independent film festival. Columbia grossed more than \$100m in the international fine art market last year's 426, which featured a host of British talent and was made for \$17m. And Universal's distribution last year of the \$4m *Babe*, the Australian-made charmer, reportedly made a handsome profit after the disappointment of the studio's own *Waterworld*, said to be the most expensive film ever made.

Hollywood would be a happier place if it had a pig like *Babe* for every turkey like *Cuthroat Island*. But success on a shoestring has never been part of the Hollywood dream. Founded on fantasy and excess, this will not fade easily despite the recent signs of restraint.

Portrait of a reviving market

Antony Thorncroft on hopes of a recovery in fine art prices

At 7pm on Monday Mr Simon de Pury, chairman of Sotheby's Europe, will take the rostrum for what could be the most important fine art auction in London for six years.

In just over an hour he will try to raise at least \$30m from 73 works of impressionist and modern art, including a landscape by Cézanne estimated to be worth up to \$4m.

If successful he will have achieved London's highest auction total since June 1990 when a comparable sale brought in \$36m. More important, success will signal that the recent revival in prices in the international fine art market has some foundations.

It will also please Christie's, Sotheby's arch rival, which holds its major summer auction, with 61 works including a \$3m Modigliani portrait, on Tuesday evening. Although the two auction houses have competed furiously for many of the paintings on offer, each knows it will benefit from the success of the other.

The fall of the art market was sudden and steep. In 1990 Christie's in New York sold a Van Gogh portrait for \$82.5m (\$43m), a record for art at auction. Six months later, at the next comparable sale in London, 63 works of art offered by Christie's raised just \$10.3m.

The Japanese, who drove up prices in the late 1980s, had suddenly disappeared with the collapse of Japan's bubble economy. The turnover of Sotheby's and Christie's fell more than 50 per cent in the 1990-91 season.

Prices for good, but unexceptional, paintings by the leading Impressionist and Modern Masters are still about a third to a half lower than at the 1989-90 peak. Last November in New York Sotheby's sold Picasso's "Le divan japonais" for \$3.6m, well below its \$4m pre-sale estimate and dramatically below the \$5.25m it fetched in 1989.

The auction houses emphasise that sales are no longer the domain of speculators. "Ninety-nine per cent of bidders in the room will be collectors," says Mr Philip Hook, director of Sotheby's Impressionist department. "In the late 1980s around 60 per cent would have been speculators."

Both houses have been very selective in the works included in their sales, both in quality and freshness to the market. They will also have tried to dampen down the expectations of sellers to persuade them to accept reasonable targets.

the lots in the sale carry our estimates", says Mr Hook.

The new realism was confirmed at the next major sale in New York in May. "La point d'Argenteuil" by Renoir sold \$1.96m, above its estimate, but well below the \$3.58m it cost in 1989. Picasso's portrait of his sleeping mistress, "La lecture", went for \$4.8m as against \$6.3m in 1989.

Christie's has decided to promote next week's batch as bargains. "La famille", a sketchy, run-of-the-mill painting by Renoir, carries an estimate of \$450,000-550,000. It was sold for \$2.2m in 1989.

Next week's sales also show Sotheby's and Christie's competing in professionalism rather than undercutting each other. When the market collapsed, sellers were reluctant to expose their art at auction. To secure consignments both houses were forced to cut their charges for selling multi-million pound collections to nothing, leaving them dependent on commission paid by buyers for much of their income.

So far, the new charging system is holding firm. Freed from spending their time negotiating deals, the experts at Sotheby's and Christie's have been able to prepare more informative catalogues and court prospective sellers and buyers. The result is that the most important pictures on offer next week will have been transported around the world, and seen by most of the hundreds or so buyers prepared to pay \$1m for a picture.

With strong pre-sale enquiries, the signs are that the sales will be successful. The May sales in New York showed that middle-level pictures, priced between \$500,000 and \$1m, are once more in demand, with old collectors returning and new ones appearing. The Asians were also back, accounting for 16 per cent of sales at Christie's - with Taiwanese and Korean buyers joining the Japanese.

Some painters have such international appeal that good examples of their work became a global currency: Impressionists like Monet and Renoir; post-Impressionists such as Cézanne and Van Gogh; and 20th century mould-breakers like Picasso and Braque. Speculation devalued that currency after 1980 but the auction houses now hope to rebuild confidence in the artists who provide the biggest source of their profits.

Intoxicated by success down at the local

Entrepreneurs like Michael Cannon have transformed the face of the British public house, writes Roderick Oram

The small convoy of vans bearing the logo "Magic Pub Company on Tour" poured into Bradford-on-Avon in Somerset early one morning last year and pulled up at the King's Arms, a pub that had been closed for seven years. A gang of workmen piled in, shooed out the nesting pigeons and began refurbishing the premises. By 7pm, it had reopened as the Sprat and Carrrot.

Michael Cannon, 55, has "cannonnised" more than 700 British pubs over the past 22 years, making him almost £100m in the process. Some £70m of that came this week as his share of the £197.5m paid for the two-year-old Magic Pub Company by Greene King, the regional brewer.

"He is a genius at visualising how to turn round pubs," says a City analyst, who as a young brewery employee extended trade credit to Cannon in his first venture, a £20,000 half-share in a Bristol pub. "Others call in teams of architects and designers but he turns up with Sally (his wife) and a team of his own tradesmen."

Entrepreneurs such as Mr Cannon have been transforming the face of the British pub. Once the local offered little

more than a pint of beer and a packet of crisps, but today's pubs provide a cornucopia of exotic food and drink, amenities from children's playrooms to no-smoking bars and special events.

Mr Cannon has become something of a "serial entrepreneur" in the business. His penultimate venture was at Devenish, the west country pubs group which he sold to Greenalls Group for £214m in 1993. He created the Magic Pub Company in 1994, renovating three or four pubs a week in the first year. "His foot was absolutely flat to the boards," says a colleague. He invested £31m in his 277 pubs, almost all acquired from Scottish & Newcastle for £100m.

Three others have been similarly successful: David Franks, managing director of Regent Inns, the listed company worth £300m; Tim Martin, chairman of J.D. Wetherspoon, valued by the stock market at \$400m; and Peter Dickson, managing director of Yates Brothers Wine Lodges, worth £160m at its current share price.



Messrs Cannon and Franks came in 1989 when the government ordered national brewers to shed large chunks of their pub estates to increase retail competition. The brewers sold off what they regarded as their least promising premises -

pubs that with investment and good management have proved highly profitable. "The right bloke with the right idea can turn round any backstreet pub," says one pub chain creator. Messrs Martin and Dickson

took a different approach: they built their chains by converting disused high street and town centre premises such as banks, post offices and building societies. They overturned the conventional brewers' wisdom that it was very difficult to get licences for new places.

There is plenty of scope for further growth, with more than 5,000 pubs that could come on the market. Some are ex-brewery pubs owned by institutions such as Nomura, the Japanese investment bank. Pubmaster, part of the Brent Walker empire, has 1,700 pubs which could be sold to reduce the group's debt. And Bass, the brewer that owns 4,300 pubs, may have to sell many to avoid a reference to the Monopolies and Mergers Commission if it goes ahead with its long-rumoured takeover of fellow brewer Carlsberg-Tetley.

For Mr Martin of Wetherspoon, there are three challenges. The first is to find prime sites for new pubs. The second is to manage and motivate a large workforce in a business where customer service is vital - "1,000 little com-

CURRENCIES AND MONEY

MARKETS REPORT

Lira watch

By Philip Gawith

EMS currencies were the focus of attention yesterday with the European Union summit in Florence offering an excuse for renewed speculation that countries like Italy were on the point of rejoining the European exchange rate mechanism.

The lira finished slightly firmer as a result, and other European currencies like the French franc, peseta and Swedish krona also closed higher. The lira finished in London at L1.006 against the D-Mark, from L1.007.

Elsewhere, the dollar closed firmly after official comments in Germany and Japan reassured markets that interest rate developments in those countries should continue to favour the dollar.

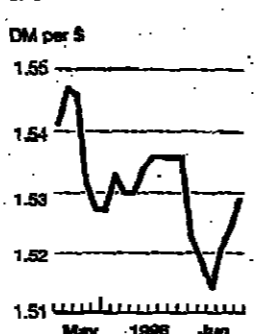
It closed at Y108.99 and DM1.5289 from Y108.940 and DM1.5244.

The former dollar held sterling with the trade weighted index finishing at 85.9 from 85.7. It closed at DM2.3551 and \$1.5403 from DM2.35 and \$1.54.

Despite the rumouring, there was not much expectation of Italy seeking re-entry to the ERM this weekend (Sweden and Finland are the other possible candidates for ERM entry). There is no dispute in principle about the application, but two reasons were cited why this weekend was inappropriate.

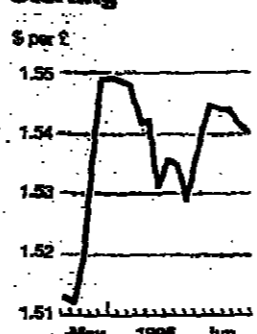
Mr Radelli said the delay since the election of Italy's new government was partly unnecessary. He said the exchange rate had been close to L1,000 for some time, while inflation had also been on a downward trend. Both in terms of the

Dollar



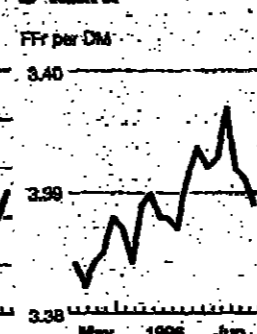
Source: FT Data

Sterling



Source: FT Data

D-Mark



Source: FT Data

Milan, said: "The Bank of Italy at this stage is not so supportive and will remain so as long as Italy's high inflation differential against other countries continues."

He said the 1997 budget would be critical in assessing the "long term sustainability of any exchange rate agreement."

Mr Rovelli said the lira would probably re-enter at a central parity of L1,000 - L1,050 against the D-Mark, with the lower figure being the one favoured by ERM members who prefer, with the higher one being

preferred by Italian industrialists and exporters. Mr Giorgio Radelli, economist at Lehman Brothers in London, said the lira "should be back into the ERM before the summer. I don't see any economic reason why it should not be today or tomorrow."

Mr Radelli said the delay since the election of Italy's new government was partly unnecessary. He said the exchange rate had been close to L1,000 for some time, while inflation had also been on a downward trend. Both in terms of the

political and inflation outlook, he said the conditions for re-entry were unlikely to improve. "If you miss the train today it makes even more difficult later in the year."

Mr Michael Burke, economist at Citibank in London, said the re-entry talk had boosted interest rate sentiment, which prompted bond purchases and supported the lira. He predicted that as when currencies like sterling had entered the ERM earlier in the decade, Friday afternoon's were likely to

become a hotbed of speculation. "The latest market survey by IDEA, the financial markets group, finds that the market remains bullish about the dollar, but at a lower level. The main reason cited for the pessimistic view is that previous expectations of a pre-summer easing in the German repo rate has been cancelled."

The median year end forecast for the dollar/yen is Y106.5. The market remains fairly heavily overweight dollars.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for currency, bid/offer, and various rates for various countries including Europe, Americas, and Asia.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for currency, bid/offer, and various rates for various countries including Europe, Americas, and Asia.

WORLD INTEREST RATES

Table showing interest rates for various currencies and maturities, including Money Rates and Euro Currency Interest Rates.

CROSS RATES AND DERIVATIVES

Table showing exchange cross rates for various currencies and derivatives like futures and options.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European Currency Unit rates for various countries.

UK INTEREST RATES

Table showing UK interest rates for various maturities and instruments.

LONDON MONEY RATES

Table showing London money rates for various currencies and instruments.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

OTHER CURRENCIES

Table showing interest rates for other currencies like the Japanese Yen and Swiss Franc.

Advertisement for Knight-Ridder's Futures Market DataKit, offering tax-free futures and options trading.

Advertisement for Margined Foreign Exchange Trading, offering futures and options trading services.

Advertisement for The Managed Convertible Fund, a SICAV investment company.

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FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4578 for more details.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Spring Fund Managers Ltd, Commercial Union, and others, with columns for fund name, price, and other details.

Guide to pricing of Authorised Unit Trusts. Includes sections on Initial Charge, Buyings Price, Selling Price, Treatment of Manager's Periodic Charge, Exit Charge, and Time.

Advertisement for FT Discovery. Features a fisherman with a net and the text: 'Fed up with fishing for business information? FT Discovery. The instant way to hook the information you need.' Includes contact information for FT Discovery.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various fund units for Bermuda (SIB Recognised) with columns for fund name, price, and change.

BERMUDA (REGULATED)**

Table listing various fund units for Bermuda (Regulated) with columns for fund name, price, and change.

GUERNSEY (SIB RECOGNISED)

Table listing various fund units for Guernsey (SIB Recognised) with columns for fund name, price, and change.

GUERNSEY (REGULATED)**

Table listing various fund units for Guernsey (Regulated) with columns for fund name, price, and change.

GUERNSEY (REGULATED)**

Table listing various fund units for Guernsey (Regulated) with columns for fund name, price, and change.

IRELAND (SIB RECOGNISED)

Table listing various fund units for Ireland (SIB Recognised) with columns for fund name, price, and change.

IRELAND (REGULATED)**

Table listing various fund units for Ireland (Regulated) with columns for fund name, price, and change.

ISLE OF MAN (SIB RECOGNISED)

Table listing various fund units for Isle of Man (SIB Recognised) with columns for fund name, price, and change.

ISLE OF MAN (REGULATED)**

Table listing various fund units for Isle of Man (Regulated) with columns for fund name, price, and change.

ISLE OF MAN (REGULATED)**

Table listing various fund units for Isle of Man (Regulated) with columns for fund name, price, and change.

JERSEY (SIB RECOGNISED)

Table listing various fund units for Jersey (SIB Recognised) with columns for fund name, price, and change.

JERSEY (REGULATED)**

Table listing various fund units for Jersey (Regulated) with columns for fund name, price, and change.

LUXEMBOURG (SIB RECOGNISED)

Table listing various fund units for Luxembourg (SIB Recognised) with columns for fund name, price, and change.

LUXEMBOURG (REGULATED)**

Table listing various fund units for Luxembourg (Regulated) with columns for fund name, price, and change.

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Table listing various fund units for Luxembourg (Regulated) with columns for fund name, price, and change.

FT MANAGED FUNDS SERVICE

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Main table containing fund names, prices, and performance data. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Prices are in British pounds sterling and have been converted to US dollars at the current rate.
Returns are based on the net asset value of the fund at the end of the period.

WORLD STOCK MARKETS

NORTH AMERICA

Market Status (Jun 21 / US\$)

Table of North American stock market data including indices like S&P 500, Dow Jones, and various regional indices with columns for date, high, low, and change.

Market commentary for North America, discussing market trends, volatility, and investor sentiment.

Market commentary for Europe, covering major indices and regional market performance.

Market commentary for Asia, including updates on major Asian economies and stock markets.

Market commentary for Latin America, focusing on emerging market trends and challenges.

Market commentary for Africa, highlighting regional economic developments and market activity.

Market commentary for the Middle East, discussing regional market dynamics and geopolitical factors.

Market commentary for Oceania, including updates on Australian and New Zealand markets.

Market commentary for South America, covering major Latin American economies.

Advertisement for Peregrine investment services, featuring the text 'Asia - Buy, Sell or Hold?' and 'Speak to Peregrine, the leader in Asian equities, derivatives, country funds, fixed income securities and GDR's.' Includes the Peregrine logo and contact information.

INDICES

Table of global stock indices including Japan, Australia, Canada, and various regional indices.

Table of European stock indices including Germany, France, UK, and other major European markets.

Table of Asian stock indices including Hong Kong, Singapore, and other Asian markets.

Table of Latin American and African stock indices.

Table of Middle Eastern and Oceania stock indices.

Table of South American stock indices.

Table of US stock indices including Dow Jones, S&P 500, and various sector indices.

Table of international stock indices including Japan, Australia, and other global markets.

Table of regional stock indices including Africa, Middle East, and Oceania.

INDEX FUTURES

Table of US index futures including S&P 500, Dow Jones, and other major indices.

Table of international index futures including Japan, Australia, and other global markets.

Table of regional index futures including Africa, Middle East, and Oceania.

Table of US index futures including S&P 500, Dow Jones, and other major indices.

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Table of US index futures including S&P 500, Dow Jones, and other major indices.

Table of international index futures including Japan, Australia, and other global markets.

Table of regional index futures including Africa, Middle East, and Oceania.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, and various sector indices.

Table of US index futures including S&P 500, Dow Jones, and other major indices.

SOUTH AFRICA (Jun 21 / Rand)

Table of South African stock indices and market data.

Table of South African index futures and market data.

PACIFIC

Table of Pacific region stock indices including Japan, Australia, and New Zealand.

Table of Pacific region index futures and market data.

JAPAN (Jun 21 / Yen)

Table of Japanese stock indices and market data.

Table of Japanese index futures and market data.

SINGAPORE (Jun 21 / S\$)

Table of Singapore stock indices and market data.

Table of Singapore index futures and market data.

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WORLD STOCK MARKETS

AMERICA

Nasdaq composite regains its footing

Wall Street

US shares were mostly higher in midsession trading as bonds posted modest gains and the Nasdaq composite regained its footing after seven sessions of weakness, writes Lisa Branstetter in New York.

Fourth quarter earnings late on Thursday that beat analysts' estimates. Meanwhile, Advanced Micro Devices, the microprocessor company, and Diamond Multimedia, which makes computer peripherals, were both lower after issuing warnings that their forthcoming quarterly results would be below expectations.

gave up 0.64 at 594.60. NYSE volume was 345m shares. Shares derived some support from gains on the currency and Treasury bond markets. In early trading the long bond had advanced 4 1/2 points, sending the yield down to 7.083 per cent. The dollar was nearly a full yen stronger against the Japanese currency.

Latin America

Sto Paulo added to the gains it recorded earlier in the week amid indications that a nationwide general strike, called by the country's three leading unions to disrupt public transport, had failed. At midsession, the Bovespa index was up 1,031.47 or 1.8 per cent at 55,262.

Canada

Toronto was mixed at midsession, pressured by falling gold stocks but supported by stronger bond markets. The TSE-300 composite index was down 8.68 by noon at 5,049.30. Heavy volume of 55.9m shares was attributed to triple-witching operations as options, futures and options on futures expired.

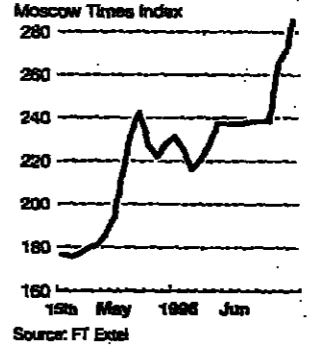
Foreigners undertake Russian re-evaluation

John Thornhill on hopes and fears for the future

When western fund managers arrive in Moscow these days, they seem just as keen as Russians to indulge their passion for conspiracy theories. Will President Boris Yeltsin rig the decisive second round of presidential elections on July 3? Did the president's men secretly sponsor Mr Alexander Lebed, the former general who came third in the first round of voting, to split the communist vote? Was Mr Yeltsin's decision to sack three hardline supporters this week a strategic shift or a tactical retreat?

is already beginning to improve as several Russian companies issue American Depositary Receipts in New York. That has made it easier - and safer - for some mainstream investors in the US to gain exposure to Russian shares. Russia's inclusion in the IPC's index of emerging markets will also add to its respectability.

economic joke ever written" - is an angry mixture of protectionist and populist measures certain to scare off investors. But even if Mr Yeltsin were re-elected, there would be plenty of issues to keep the initial euphoria under check. The economy may finally have stopped declining but a radical shake-out in Russia's banking system seems only a question of time. Moreover, although it has come a long way in a short time, Russia's stock market still boasts an exceedingly creaky infrastructure, driving an increasing share of the market off-shore.



Source: FT Intel

Russia's Federal Securities Commission is working hard to improve the regulation of the market. It is also creating the legal and fiscal framework necessary to encourage the formation of domestic investment funds needed to channel retail savings into the economy. Mr Timothy Frost, director of the Pioneer First Voucher investment group, which is planning to launch a Russian domestic investment fund, says: "Theoretically, these funds could have a monumental impact on the development of the domestic market and, from a policy point of view, would help bring the equity markets back on shore in Russia." But like most observers, Mr Frost doubts whether these funds will play much of a role before 1997.

Mr Par Mellstrom at the Moscow-based research firm Eurasia Group, argues that the latest reshuffle in Mr Yeltsin's government will certainly give added impetus to the reform agenda. "You can now see that there will be some real improvements as a result of Yeltsin's victory. There has been a clear shift towards the reformers in the government." If so, Russia could become an increasingly normal country where the market talk is soon about economic rather than political fundamentals. Fund managers would then have to get their fix of political intrigue from reading John Le Carré novels on the flight home.

EUROPE

Frankfurt reviews Dax 30 contenders

The dollar, the Dow and bond markets gave most bourses a lift. Frankfurt's Dax 30 index closed 15.56 higher at 3,610.25, indicated 2,547.78, swelled by the "triple witching" expiry of futures and options contracts, shot up from DM5.40 to DM5.90.

sure earlier in the week on switching within the sector, rebounded SFR90 to SFR9,500, helped by news of an important step towards European approval for Inivase, the first of a new class of treatments for HIV patients.

after weakness in the sector in the US overnight. The AEX index eased 0.78 to 584.11. However, Philips fell 1.70 to 115.50 on fears that a halt in semiconductor production had been reached by Asia. Philips indicated an industry slump had started spreading from computer memory chips into chips for consumer products. Elsewhere in the sector, BE Semiconductors lost 1.50 to 115.50, Rood Testhouse 1.50 to 115.50, and the software house, FT 2.30 to 115.50.

VIENNA blamed a weak futures expiry and concerns ahead of the partial start-up of the Vienna bourse's electronic quote-driven order system as the ATX index fell 14.75 to 1,098.51.

foreign funds lightened exposure to the sector, and the sector dropped 3 per cent as the general index fell 9.97 to 899.65.

Three Dax 30 contenders, Gehe, Merck and Adidas, figured among the top 10 this performers. Merck, which said on Thursday that it hoped to join the Dax within two to three years, put on DM1.70, or 3 per cent, at DM58.90.

He added that a reduction of 50-75 basis points was already priced into the market, but that a reduction of 100 basis points would provide equities with a lift.

AMSTERDAM was mixed, with a hangover in tech stocks

after weakness in the sector in the US overnight. The AEX index eased 0.78 to 584.11.

VIENNA blamed a weak futures expiry and concerns ahead of the partial start-up of the Vienna bourse's electronic quote-driven order system as the ATX index fell 14.75 to 1,098.51.

Further foreign demand for the Nikkei partners took Cibo SF240 higher to SF1,590, and Sanex SF24 higher to SF1,424. Roche, under pres-

He added that a reduction of 50-75 basis points was already priced into the market, but that a reduction of 100 basis points would provide equities with a lift.

AMSTERDAM was mixed, with a hangover in tech stocks

after weakness in the sector in the US overnight. The AEX index eased 0.78 to 584.11.

VIENNA blamed a weak futures expiry and concerns ahead of the partial start-up of the Vienna bourse's electronic quote-driven order system as the ATX index fell 14.75 to 1,098.51.

ASIA PACIFIC

Nikkei hits another four-year closing high

Active buying of international blue chips took the Nikkei average to a four-year closing high, writes Emiko Terazono in Tokyo.

Industries rose 17 to 2941. Japan Tobacco fell 118,000 to 2,835,000 on selling by individual investors. Investors took profits following this week's government offer of some 270,000 shares. The announcement by Mr Rupert Murdoch's News Corp and Softbank, a Japanese computer software wholesaler, that they would become the joint largest shareholder for TV Asahi, a national television network, triggered buying in other television companies. Tokyo Broadcasting System rose 10 to 1,880 and Nippon Television added 160 to 2,250.

the release of second quarter results in late July. TAIPAI consolidated after its recent rally, the weighted index ending 24.41 lower at 6,855.85. In turnover of 230m, electronics and high capital stocks fell after their gains on Morgan Stanley's inclusion of Taiwanese stocks in its emerging markets index.

VIENNA blamed a weak futures expiry and concerns ahead of the partial start-up of the Vienna bourse's electronic quote-driven order system as the ATX index fell 14.75 to 1,098.51.

Thursday's political turmoil in JAKARTA left the JKSE composite index 7.82, or 1.35 per cent, down at 572.85 after a low of 569.54.

Foreign investors stayed on the sidelines but their domestic counterparts sold selected, heavily capitalised stocks for lowering Thursday's profit, and its highest aftermath. Telkom fell Rp50 to Rp3,300 in 3.5m

shares, and Sampoerna by 3.5 per cent to Rp26,175 in 444,500. BOMBAY hit late, local selling pressure and the BSE 30 share index fell 70.25 to 3,924.96 in end-account trade.

VIENNA blamed a weak futures expiry and concerns ahead of the partial start-up of the Vienna bourse's electronic quote-driven order system as the ATX index fell 14.75 to 1,098.51.

FT/S&P ACTUARIES WORLD INDICES

Table with columns for Country, Index, % Change, and other financial metrics. Includes sections for National and Regional Markets, and a DOLLAR INDEX section.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Table showing Life Equity Options with columns for Date, Price, and other details.

RISES AND FALLS

Table showing Rises and Falls in various market indices and sectors.

LONDON RECENT ISSUES: EQUITIES

Table listing London recent issues in equities, including company names and prices.

RIGHTS OFFERS

Table listing Rights Offers with columns for Issue, Amount, and other details.

FINANCIAL TIMES EQUITY INDICES

Table showing Financial Times Equity Indices with columns for Index Name, Date, and Value.

FT GOLD MINES INDEX

Table showing FT Gold Mines Index with columns for Index Name, Date, and Value.

TRADEPOINT INVESTMENT EXCHANGE

Table showing TradePoint Investment Exchange data with columns for Index Name, Date, and Value.

Details of business done shown below have been taken with consent from the London Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange's Telford system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date. † Bargains at special prices. ‡ Bargains done the previous day.

British Funds, etc

Treasury 13 1/2% £500,000 - £122.125 (17.6.96)

Corporation and County Stocks

Birmingham Corp 2 1/2% £500,000 - £27.125 (17.6.96)

UK Public Bonds

Port of London Authority 1 1/2% £500,000 - £107.125 (17.6.96)

Foreign Stocks, Bonds, etc (coupons payable in London)

Hungary Republic of 7 1/2% £500,000 - £107.125 (17.6.96)

Sterling Issues by Overseas Borrowers

Asian Development Bank 10 1/2% £500,000 - £107.125 (17.6.96)

Listed Companies (excluding Investment Trusts)

APV PLC 4.5% £500,000 - £107.125 (17.6.96)

Listed Companies (including Investment Trusts)

APV PLC 4.5% £500,000 - £107.125 (17.6.96)

British Waterways PLC

British Waterways PLC £500,000 - £107.125 (17.6.96)

British Airways PLC

British Airways PLC £500,000 - £107.125 (17.6.96)

British Telecom PLC

British Telecom PLC £500,000 - £107.125 (17.6.96)

British Petroleum PLC

British Petroleum PLC £500,000 - £107.125 (17.6.96)

British Steel PLC

British Steel PLC £500,000 - £107.125 (17.6.96)

British Sugar PLC

British Sugar PLC £500,000 - £107.125 (17.6.96)

British Telecommunications PLC

British Telecommunications PLC £500,000 - £107.125 (17.6.96)

British United Assurance PLC

British United Assurance PLC £500,000 - £107.125 (17.6.96)

British United Finance PLC

British United Finance PLC £500,000 - £107.125 (17.6.96)

British United Insurance PLC

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British United Life Assurance PLC

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British United Property PLC

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British United Zebra PLC

LONDON STOCK EXCHANGE

MARKET REPORT

Stocks weaken for fourth consecutive session

By Steve Thompson, UK Stock Market Editor

More evidence of a slowing UK economy, via the latest Confederation of British Industry survey, gave a lift to gilts but failed to trigger any significant action in equities yesterday.

The FT-SE 100 index ended a stock market week which was badly affected by a series of sporting events, in subdued fashion and down 5.2 on the day at 3,723.3.

The FT-SE Mid 250 index was also depressed, closing the session 9.12 off at 4,440.7. Over the week the 100 index fell 81.3 points, while the Mid 250 retreated 23.9.

Gilts were always in good demand, taking heart from the CBI survey which pointed to subdued output and insignificant price pressure. The survey led dealers to adopt the view that a further reduction in UK interest rates may well be on the cards in the next couple of months, if the economy continues to show evidence of weakness.

The 10-year gilt ended the session 17 ticks lower at 25 1/8, while the 20-year gilt was around 25 1/4 ticks up on the day. "We may need to take another look at the bottom of the range before

we can make serious headway." Other dealers took the view that the utilities areas of the market would provide the impetus needed to provoke a big upturn in equities.

Discussing the equity market, the head trader at one of the big European securities houses said he expected the general lack of institutional activity to carry on in the short term. "We've got the football and the test match, we've had Royal Ascot and for the next two weeks we've got Wimbledon. After that it's the Open golf."

He said the market was in need of a resurgence of bid activity to see it break out of its recent trading range of 3,650 to 3,850 on the FT-SE 100. "We may need to take another look at the bottom of the range before

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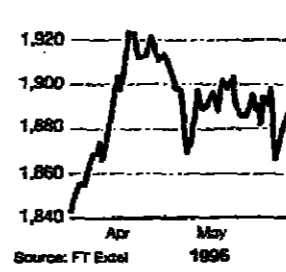
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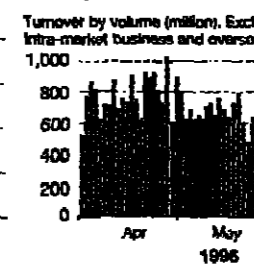
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FT-SE-A All-Share Index



Equity shares traded



Source: FT Econ 1996

Indices and ratios

Table with 3 columns: Index Name, Value, Change. Includes FT-SE Mid 250 (4440.7, -8.1), FT-SE-A 350 (1883.6, -3.0), FT-SE-A All-Share (1870.8, -2.8), etc.

FT-SE 100 Index

Table with 2 columns: Index Name, Value. Includes Closing index for Jun 21 (3723.3), Change over week (-31.3), Jun 20 (3754.6), etc.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for various stocks including ASDA Group, Above National, Albert Heijn, etc.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures ended the week as they began, trading quietly in low volume, in spite of mid-morning volatility as the June contract expired, writes Jeffrey Brown.

The FT-SE 100 September contract stood at 3,717 at the close of pit trading, up one point and just two points above the day's low.

Turnover was 10,543 lots, but dealers calculated that slightly more than half of this represented roll-over ahead of

the 10:30 am expiry of the June contract. "In the end, it was another dull day with premium remaining visibly weak," said one dealer.

At the close, September was eight points under cash, or 15 points short of fair value.

Buyed by the expiry of the June index options, traded in volume to its highest level since the March flotation.

There was said to be jostling for position at Orange ahead of its entry into the FT-SE 100 index on Monday. A two-way pull broke out as some brokers predicted a slack time for the shares once Footsie status is achieved.

"Certain funds acquired the stock purely for the Footsie run-up. These have been taking profits, and there has also been switching into Vodafone," said one trader.

Orange, floated at 205p, ended on 2 at 243p in turnover of 25m. Vodafone closed all-square at 238p.

Securicor was hit by investor caution ahead of next week's results statement. The shares fell 9 to 289p as a number of analysts turned increasingly negative on Cellnet, the mobile phones system owned by Securicor and BT.

Several leading brokers are known to be unhappy with Cellnet's churn rate - the level of subscriber withdrawals - relative to rivals such as Vodafone.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 29 1995 based on Friday June 21 1996

Table listing percentage changes for various sectors like Support Services, Leisure & Hotels, Engineering, etc.

Cellular stocks active

Cellular stocks were a clear feature yesterday. Securicor fell sharply, and a dramatic tug of sentiment pushed volume in Orange to its highest level since the March flotation.

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Merchants banking group Schroders remained at the top of the Footsie best performers list, as BZW upgraded profit estimates at the group and reiterated its long-term buy stance.

The ordinary shares gained another 32 to 186p. The non-voting stock closed 20 ahead at 104p.

Analysts raised their current year profits estimate by 13m to 655m and by 10m to 628m for the following year.

Stressing the strong prospects for the company's fund management business, BZW said in a detailed note: "Critical to our favourable longer term assessment of the group is the increasing significance of fund management, which now provides about half of

NEW 52 WEEK HIGHS AND LOWS

Table listing new 52 week highs and lows for various companies like ASDA Group, Above National, etc.

YESTERDAY'S CHEF PRICE CHANGES

Table listing price changes for various companies like Aviva Pat, Hambro C'wie, etc.

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FT-SE Actuaries Share Indices

Table showing FT-SE 100, FT-SE Mid 250, FT-SE 350, FT-SE 500, FT-SE 1000, FT-SE 1500, FT-SE 2000, FT-SE 2500, FT-SE 3000, FT-SE 3500, FT-SE 4000, FT-SE 4500, FT-SE 5000, FT-SE 5500, FT-SE 6000, FT-SE 6500, FT-SE 7000, FT-SE 7500, FT-SE 8000, FT-SE 8500, FT-SE 9000, FT-SE 9500, FT-SE 10000.

FT-SE Actuaries All-Share

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Hourly movements

Table showing hourly movements for FT-SE 100, FT-SE Mid 250, FT-SE 350, FT-SE 500, FT-SE 1000, FT-SE 1500, FT-SE 2000, FT-SE 2500, FT-SE 3000, FT-SE 3500, FT-SE 4000, FT-SE 4500, FT-SE 5000, FT-SE 5500, FT-SE 6000, FT-SE 6500, FT-SE 7000, FT-SE 7500, FT-SE 8000, FT-SE 8500, FT-SE 9000, FT-SE 9500, FT-SE 10000.

FT-SE Actuaries 350 Industry baskets

Table showing industry baskets for FT-SE 350, including Retail & Consumer, Pharmaceuticals, etc.

Equity section for groups

Table showing equity section for groups, including FT-SE 100, FT-SE Mid 250, FT-SE 350, FT-SE 500, FT-SE 1000, FT-SE 1500, FT-SE 2000, FT-SE 2500, FT-SE 3000, FT-SE 3500, FT-SE 4000, FT-SE 4500, FT-SE 5000, FT-SE 5500, FT-SE 6000, FT-SE 6500, FT-SE 7000, FT-SE 7500, FT-SE 8000, FT-SE 8500, FT-SE 9000, FT-SE 9500, FT-SE 10000.

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World Wide WFF (formerly World Wildlife Fund) International Secretariat, 1196 Glend, Switzerland.

OFFER FACILITY

Table listing various companies and their offer details, including Advanced Media Group PLC, Amman Resources PLC, etc.

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LONDON SHARE SERVICE

NEW TRUSTS SPLIT CAPITAL - Cont.

Table listing various trusts with columns for Name, Price, and other financial metrics.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and other financial metrics.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and other financial metrics.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and other financial metrics.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and other financial metrics.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and other financial metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and other financial metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and other financial metrics.

PROPERTY

Table listing property companies with columns for Name, Price, and other financial metrics.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for Name, Price, and other financial metrics.

WATER

Table listing water companies with columns for Name, Price, and other financial metrics.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and other financial metrics.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and other financial metrics.

AMERICANS

Table listing American companies with columns for Name, Price, and other financial metrics.

Communications systems produced by Rockwell Defence Electronics are used by the US government, NATO and more than 60 other countries around the globe



GUIDE TO LONDON SHARE SERVICE

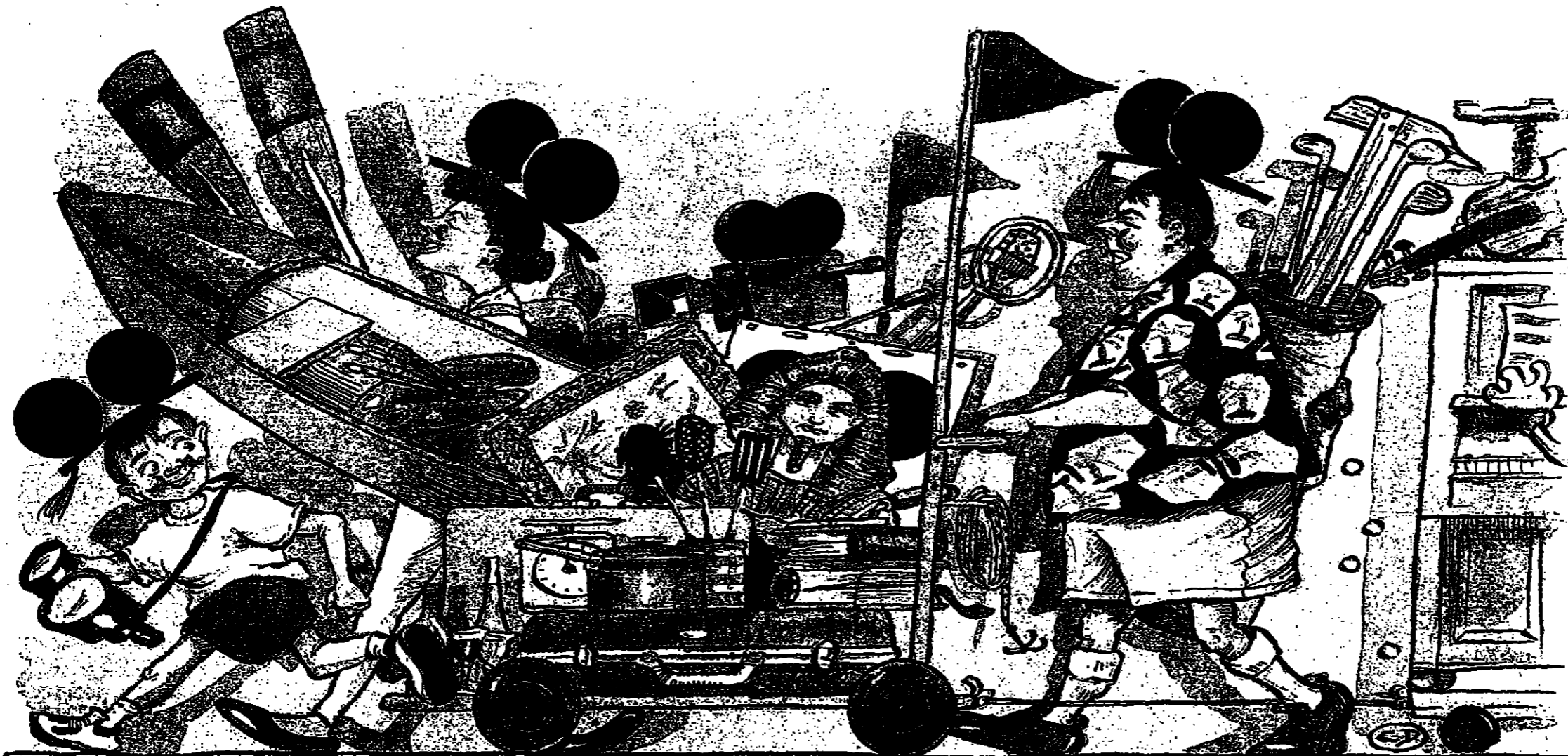
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YKK

Weekend FT



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The birth of the leisure ethic

Entertainment specialist Disney is seeking to tap into the trend towards vocational free time, writes Paul Betts

The classroom was full. They formed a mixed bag: a 20-year-old hippy with a beaded beret and a Velasquez beard, four teenagers in T-shirts and brass beret shorts, a couple of "third agers" in flowery frocks, two small children and several middle-aged couples in golfing shirts and well-pressed slacks. Outside, the Florida sun was shining. These students were on holiday, yet they paid absolutely no attention to the fine weather. They had come to Orlando, not to visit Mickey Mouse's Magic Kingdom, but to spend their vacation taking part in self-improvement courses at a holiday campus called the Disney Institute, which opened earlier this year. These strangely dressed students are part of a worldwide trend in the leisure industry. It is increasingly combining leisure with industry, taking the oxymoron out of a phrase loosely used to describe what is becoming one of the world's largest industries.

They include themed cruises of all kinds, even developing golfing skills on the Q&A; archaeology, architecture, art and painting holidays; activity holidays to improve sporting skills or physical challenges such as crossing deserts, crashing down rapids or climbing the world's highest peaks; retreats and meditation breaks; special cooking, wine-tasting, ballroom dancing holidays. You name it, it will probably be available. Ecotourism also continues to attract a growing number of devotees. Many are opting for biodiversity as an excuse to go somewhere exotic but others, says Andrew Mitchell, deputy director of the international science and education foundation, Earthwatch, want to travel in a more caring way to look at wild life and help the environment. Ecotourism was "super fashionable" in the 1980s when saving the environment suddenly became a big political issue. "It is still an issue which will never go away but it is no longer as much on the boil," he says. However, he explains that while people talked enthusiastically about saving the planet in the 1980s, they are now quietly starting to do something about it.

In its broadest sense, ecotourism is part of the general trend towards vocational travel and a move away from leisure for leisure's sake. "More and more people are using their leisure time for learning," says Mitchell. No longer content with sun, sea and sand, they are now going on "intelligent" holidays. For Christopher Kirker, chairman of Britain's Association of Independent Tour Operators, the day of the Mediterranean beach holiday, which was all the rage in the 1980s, is in terminal decline. It is not simply the fear of skin cancer that has spawned this revolution in how people take their vacations. There are more profound forces at work. Labour market economists now say that because of automation unemployment will never go down, according to a new study on the psychology of leisure by Michael Argyle, emeritus reader in social psychology at Oxford University. This challenges what orthodox economists have called "the lump of labour", the fallacy that there is only so much work to be done in the economy.

It has been estimated that in the next century all our food and manufacturing needs could be met by an increasingly small minority of the population working - some suggest as little as 10 per cent. Argyle notes the irony of the situation: that it is in leisure industries that most of the work will be found. "There is no doubt that there will be less work to do in the future," he says. It follows that there is going to be much more leisure. Already, compared with the last century, we have more free time as a result of shorter working hours, longer holidays, early retirement and high rates of unemployment in industrialised societies. More leisure should create more personal wellbeing.

Often, however, it has the opposite effect. Social scientists have suggested that societies will need to develop a leisure ethic to replace, or at least complement, our existing work ethic. The concept is an old one. Social thinkers through the ages have thought that there is more to leisure than pure relaxation, pleasure or entertainment. Aristotle believed the main purpose of life was the proper use of leisure by self-development through education and contemplation, philosophy, music and sport. In his *Utopia*, Thomas More set aside several hours a day of leisure to be spent reading, playing games like chess, attending lectures, holding conversations and listening to music. The latest vogue for self-improvement and self-discovery holidays also seems part of the general reaction to the self-indulgent excesses of the 1980s. "People these days are looking for something more than self-gratification," says Mitchell, whose Earthwatch foundation has seen a sharp increase in volunteers paying to join its environmental and educational projects. A recent survey quoted in Argyle's book found that people considered the educational benefits of a holiday more

important than relaxation or sex. These changes in the attitudes and demands of holiday-makers could not leave the world's largest entertainment company indifferent. With its new Disney Institute in Orlando, the Walt Disney company has created what it calls a "discovery vacation resort" and given big bucks credibility to the trend. If successful, the company plans to spread the concept to other parts of its worldwide empire including, perhaps, at Disneyland in Paris or on his cruise ships. The ill-assorted students in the Disney Institute classroom were learning how to make an animated film using clay figures (like Britain's Wallace and Gromit) - one of more than 60 activities on offer. Arriving from all over the US, and a few from Europe, they had checked in the night before at the Welcome Centre, a large New England-style clapboard building. They were then driven in electric golf carts to their wooden bungalows or townhouses, scattered around 55 acres of well-kept gardens and lakes and an 18-hole championship golf course. There are swimming pools, a state-of-the-art performance centre housed in another New England-style building, a cinema, a vast indoor sports and fitness centre, a restaurant and a string of classrooms, television and radio studios, and high-tech kitchens for the institute's culinary programmes equipped with enough cookware for 125 average kitchens. In the kitchens, groups of mainly elderly Americans were learning to bake bread and cook spicy Mexican dishes. In the television studio, four hours were spent preparing and filming the Disney Institute television news. Later, it took another four hours to edit the programme under the supervision of TV professionals. Next door, students were broadcasting live on the institute's own radio network. Elsewhere, visitors were developing their golf skills under the supervision of Gary Player's son, Wayne, or working out on the tennis courts. Others were learning to build elaborate

Continued on Page II

No longer content with sun, sea and sand, people are now going on 'intelligent' holidays

Joe Rogaly

Dodgy dealers and morality

Transparency and competition constitute an ideal state, which we have not yet reached

Pardon us while we smile. The "ethics committee" of the Securities Institute invited me in for a chat this week. A barely suppressed giggle was the proper response. Let me explain. Some of the windows at the FT face across the Thames towards my hosts' offices in London's financial district, the City. In a certain light the buildings across the water look like cliff tops, homes to vultures' nests. Their inhabitants fly constantly in and out, goblets of our cash in their beaks. About 10,000 of them, not all nesting in the City, belong to the Securities Institute, whose core membership was part of the London Stock Exchange before 1992. When stockbrokers were defenestrated, it currently describes itself as the professional body for individual practitioners in the financial services business. Its ethics committee, the one in whose presence I found myself sitting, has produced a code of good behaviour. Nothing startling about that, although sentence one of paragraph three made me sit up: "A member will avoid con-

flict between his self-interest and the interests of his clients and his employers." You need Woody Allen to deliver such uproarious lines. Was it not he who famously defined a stockbroker as someone who takes your money and invests it until it is all gone? Let us be serious for a moment. Put securities traders on commission or bonuses, or the bank managers' remuneration to year-end results, and self-interest reigns. The purpose of trading in anything is to sell as many units as possible and make as good a turn on each deal as you can. This is true whether you are an estate agent, a second-hand car dealer, a paid commentator, a prostitute, or a purveyor of financial services - listed here in no particular order. But hark! Do we not hear a pious person objecting - "what about professional ethics, then?" Well what about them? They teach ethics at Harvard, and US brokers have been sent to ethics classes, but really there are only rules, boundaries, lines in the sand, steps too far, things you cannot get away with and, at the extreme,

"you'll be for the chop if they catch you doing that". The purpose of compliance officers, who are ladies and gentlemen implanted within companies to keep their activities legal, is to establish which new financial instrument comes under which of the above definitions. Better yet, they must ensure that every deal is, in the infinitely interpretable official phrase, an example of "best execution". One consequence of this inbuilt ambiguity is that in some firms the compliance department is expanding more rapidly than the marketing team. Perhaps the two should merge. Cynical? Possibly. Here are a few drops of soothing oil. Venerable institutions traditionally regard a reputation for probity, or giving good value for money, as an asset worth nurturing. It adds a competitive edge. Marks and Spencer is such a general retailer; the Prudential, in its best days the M&S of the life insurance business, lost some of its sheen last year when its approach to selling personal pensions came under regulatory scrutiny. There is a moral to this story, part of the free-

market litany: competition will engender more virtue than any ethics committee. It is also true that practitioners vary. Some try to be fair and honest; others leave their consciences at home. This may not matter with intra-company deals. Each principal should be savvy enough to

look after his or her own interests. Anyhow, there is a modicum of honour among thieves, although this does not prevent hawkers of dud companies from dressing them up in glossy covers, ready for presentations. Nor is it a guarantee against catastrophes such as the current great copper disaster. Nothing is. All business is risky. Yet private individuals need protection. It would be charm-

ing to believe that they can rely on the sense of ethics of this or that bank broker, or investment manager, that competition alone will do the trick. Alas, no. Practitioners are hucksters. That is what they were in the supposed good old days when a City gentleman's word was his bond. It is what they are today, and will be tomorrow. The smoothest are "personal financial advisers". This appellation does not fit when the advice is tied. Used car dealers do not call themselves personal transport advisers. Estate agents do not affect to assess your optimum housing strategy. You might suspect that the path up which this account is leading you is towards more comprehensive regulation. In earlier days that might have been my instinct, but it is not the Conservatives' nor is it that of the Blairised people's party. Labour's spokesman on City matters talks of reducing the quantity of regulations where possible. In return, Alastair Darling suggested in a speech this week, "management must provide the right ethos and cul-

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PERSPECTIVES

Truth of the Matter / Hugh Dickinson

Gross pay and the underclass

It all started with a throw-away aside from my neighbour. As a footnote to the main conversation, she waved a dismissive hand and said, "Of course, I don't have any problem in principle with paying the man £3m a year." I suppose I should have kept my mouth shut. "Hey! That's grotesque," I squawked.

Two of my other neighbours at the table turned surprised faces my way. "Oh, do tell us why," one of them requested with sinister kindness. I felt the lezars of the market ideologues training round on me. I knew from the start I could not win. I was an alien species with bad genes. But I felt I ought to die nobly. I lent back and looked wise.

"Well, it is all out of proportion. It subverts any normative moral judgement about the relative value of people to the community." They looked perplexed (alien speak and two incorrect words - "community" and "moral"). I went on.

"The financial rewards you guys pay each other are grossly dispro-

portionate to the rewards we give to other people who are doing equally valuable service to the community. That erodes the warp of human values which holds the fabric of society together. Money is power - it has a huge gravitational pull. It distorts relationships. It matters."

My charming neighbour smiled at me. I am old enough to be her father, and she earns 20 times my stipend. She can afford to be sweet to an old man. "Well, you see," she explained, "it's like this. There is a world shortage of a valuable commodity - say uranium. Lots of people want it. So they bid for it and the highest bidder gets it.

"You can't control the global market. It's like trying to control

the tide. You just make it work for you. Financial expertise is a rare commodity. Everyone wants to buy it. You just have to pay what the market demands. It's the only mechanism that can deliver what the world needs."

"Regardless of side-effects?" I asked. "Toxic environment, waste of human lives, political instability, erosion of democracy? You're handing yourself and a permanent underclass over into the control of amoral mechanisms - OK for you. Tough on the underclass and dispossessed."

"Of course there's pain; there's no system without pain. But this is the best system we know for the creation of wealth and its flow-down into the poorer sections of

society. You do believe in the creation of wealth, don't you?"

"Certainly." (I was ready for that one.) "But not at any price. Not without a social audit of its effects. The gold mines in the Rand created huge wealth for a ruling elite; but they were the first architects of apartheid to prevent their wealth and power flowing down. The human costs were, and still are, appalling."

"Well, I worked in South Africa for five years," said someone up the table, "and it wasn't like that at all." "In any case," said someone else, "no one needs to be stuck in the underclass these days - at least in this country. Everyone has access to schooling - the open door to opportunity."

I found an unexpected ally in a bald, bespectacled man. I had taken him for a banker; he turned out to be a deputy head of a primary school in south London. "That's just wishful thinking," he said. "I have 36 kids in my class; 17 from single parent families; six different ethnic groups; three or four dyslexics; four seriously disturbed; eight or nine being abused at home. Not much of an open door there. The market has had 17 years to trickle down to that lot. Not much sign of it yet." The argument spread and diversified.

Driving home through comfortable England I tried to sort out all the different voices in my head. Charming, intelligent, thoughtful people, sharing a recognisable con-

stellation of values now so familiar that you only need to plot two stars to know where all the rest are located.

My own constellation seems to shine largely from some other hemisphere. No doubt it, too, is an instinctive cluster as predictably inevitable as the stars.

But what troubles me is a feeling that we are separated by an almost unbridgeable gulf of sensibility. We feel differently, perhaps as John Prescott and Roy Hattersley feel differently from Tony Blair and Peter Mandelson; or as Kenneth Clarke feels differently from John Redwood.

It is not just ideology or political philosophy. It is about where empathy is rooted along the

arteries and in the bones. God knows, I live with a lifestyle which is affluent compared with that of an unemployed family in Moss Side, Greater Manchester. But I live enough and breathe enough in an institution which is in intimate contact with the places where people are really hurting in our society for my instinctive empathy to be with them.

So I have a deep moral unease that we should cheerfully take it for granted that this system is inevitable (and therefore right) - in which one man can earn £3m a year when men, women and children are being physically and psychologically traumatised by the same system just round the corner.

I am not an economist nor a political theorist nor a social scientist. My gut feeling may be wrong. But I do just hope there are out there some men and women who share a different constellation of values.

Hugh Dickinson is the Dean of Salisbury.



David Harber: awakening interest in quality sundials made to order

Dispatches / Leslie Collett

Bowed but not conquered

It was as if we were being prepared for an encounter with an endangered species. Before we even set foot on an Indian reservation, notices of the US Department of the Interior's Bureau of Indian Affairs warned us how not to conduct ourselves.

"Do not wander into residential areas. Do not ask too many questions of residents."

Most of the Indians I met in Arizona had mental jobs, although I had heard about a tribe near Phoenix which was rolling in profits from a gambling operation on the reservation. Hopefully, they would fare better than the Indians in Oklahoma who, when oil was discovered many years ago on their reservation, allegedly traded in their Cadillacs for new ones whenever they ran out of petrol.

In a restaurant in Holbrook, Arizona, close to the Navajo reservation, we sat near a tall, bespectacled Indian father who was having dinner with his daughter. He spoke softly to her and with remarkable patience. Afterwards he proudly told my wife that his daughter attended a nearby Head Start pre-school. Head Start was one of the few surviving elements of President Johnson's anti-poverty programme.

That evening I read a grim account in the Navajo Times newspaper about the nearly 6,000 children on the Navajo reservation who were victims each year of child abuse - abandonments, beatings or sexual acts.

On the periphery of the reservation, in Chambers, Arizona, I watched Indians pull up to the petrol station next to our motel in sleek new cars with elongated rear compartments where the family could stretch out on long trips.

Children peered out of the windows as the men pumped petrol and their women bought Cokes and cookies in the general store. One of the Indians, a brawny man in his late 60s, said that he lived from his military pension. "Nothing else except welfare to keep you going here," he said. His T-shirt proclaimed him to be "proud to have served my country as a marine."

We drove north on Route 191 through the heart of the Navajo reservation, the largest in the US. The road was nearly empty and the scenery stupendous. A vast arid landscape punctuated by bizarre, gigantic multi-hued rock formations and canyons. Cattle and horses grazed on the open ranges. We saw riders galloping across the plains as their ancestors had done centuries before.

"At least they have their land," my wife said. All 65,000 sq km of it are spread over an area nearly the size of West Virginia and populated

by only 165,000 Navajos. Oil and uranium were found on the reservation after the second world war, creating income which allowed Navajo families to replace their horses and wagons with pick-up trucks. But the money quickly dried up.

A few miles outside Tuba City, a young man approached us, walking in our direction. Normally, I would not even have considered picking up a hitch-hiker, but I asked him if he wanted a ride.

My wife moved into the rear seat and he sat stiffly next to me. He was about 20 and, like nearly all the Indians we met was laconic. My wife offered him some cold water which he accepted with a "thanks". When I asked about some buildings at the side of the road he replied: "Boarding school run by Anglo." In Tuba City, he thanked us and got out near a settlement of drab concrete houses.

Nowhere could we escape the

But it was the white man who was providing us with the information

unhealed wound left more than 130 years after the white man violently subjugated the Navajos. Hubbell Trading Post is a National Historic Site on the reservation, 1 mile west of Ganado on Arizona Route 264. A slide show in the National Park Service visitor centre tells the history of the trading post and of its founder in 1876, John Lorenzo Hubbell. He may well have been an "honest, wise and hospitable" trader, as well as a "friend of the Navajos". But it was the white man, and not the Navajo, who was providing us with the information.

At the spectacular Canyon de Chelly, the site of a battle between the Anasazi tribe and Spanish soldiers in 1504, signs warn visitors to take precautions against widespread theft. Thunderbird Lodge, where we stayed, even advised guests not to leave liquor bottles in their rooms as alcohol is strictly forbidden on the reservation.

In 1863, the Navajos suffered their final defeat at the hands of Colonel Kit Carson of the US Cavalry. After an enforced "Long Walk" to Fort Sumner, New Mexico, they spent four bitter years in exile before the US government allowed them to return to their new reservation.

Remarkably, of all the Indian tribes, the Navajos were left themselves to be a conquered people.

Minding Your Own Business

A workshop with a bright future

Clive Fewins meets a man who likes to look on the sunny side of life

If his plans come to fruition, sundial maker David Harber's next important clients will be the Perpetual Portfolio Management Group, based at Henley-on-Thames, 3 miles from his workshop in converted farm buildings near the river Thames.

The Perpetual directors have no idea they are in his sights, yet Harber has spent many hours researching the company profile and preparing preliminary designs.

"When I eventually come to make a presentation to them it will be very detailed and very professional. I am optimistic they will accept," said Harber, 38.

The Perpetual example is typical of the unorthodox way Harber conducts business. In the four years since he started The Sundial Workshop he has had several successes following other approaches of this sort.

A notable one was for a company supplying a worldwide economic advisory service that is based at Wargrave, 5 miles from his workshop. "I managed to persuade them that time is a vital element of their business and they gave me a commission," said Harber.

Harber was less successful with the Sun International chain of hotels, but he plans to present his sundials to them again if given the opportunity.

This year, with predicted sales of £40,000, an anticipated profit of £25,000

and his policy of paying himself a minimal salary, Harber believes he is finally on course to create a successful one-man enterprise.

"It is fun doing business this way and a tremendous challenge convincing international institutions that they would benefit from one of my sundials," he said. "I am sure small business advisers would throw up their hands in horror at my methods but I enjoy going off at a tangent and following my own hunches."

Harber believes his business benefits from what he describes as his "non-focused" approach.

"I went to Dartington Hall School in Devon. It gave me a freedom to explore non-conventional avenues and I believe it suited me well," he said. "I have always had a strong practical bent and I was allowed to experiment in the workshops there."

Harber worked as a potter, a mountaineering instructor and an antiques restorer. For some years he owned a barge that he bought in Rotterdam, converted and equipped in France, and brought back to the UK for use as a hospitality venue and floating arts centre.

In 1990 a failed marriage meant he had to sell the barge, after which he soon became involved in making sundials.

"I started making them in the back garden of my cottage in the Hamble-

don Valley near Henley using my engineering skills and knowledge gained from navigating the barge and flying my microlight aircraft," Harber said.

"Originally, the idea came from my fascination with the shadows cast by a poplar tree in the Thames valley as I skimmed above them in my little plane. After some experimentation, and one or two lucky contacts that

Harber produces a mail order flat brass sundial which can have a motto to suit the client

resulted in sales, I realised I had the basis of a serious business that would use my rather diverse skills, suit my lifestyle and really absorb me."

In 1993 Harber rented a small former agricultural building near the hamlet of Aston for £100 a month. By this time turnover had risen from virtually nothing to £28,000, with profits around 50 per cent. His main line at that time was a spherical sundial that sold for £300. Sales were largely by word of mouth.

Harber had a serious dip in the win-

ter of 1994 but survived by continuing to plough back profits and pay himself very little. In early 1995 he was persuaded to invest £3,000 in a stand at the Hampton Court Flower Show.

"It resulted in 20 orders ranging in value between £700 and £2,000 and a potential client list of about 200," he said. "I am gradually working through this and the conversion rate has been more than 40 per cent, depending on how much effort I put into the potential sale."

"Although the show will cost me almost as much as attend this year, I am returning this July."

Commissions resulting from the show included a sundial for Sir Ewen Ferguson, chairman of Coutts Bank, and Gene Fife, former chairman of Goldman Sachs International.

"Influential clients such as these have been impressed by the fact that I have been prepared to work with them on the motto and the design," Harber said. "They are valuable references when I am seeking commissions from large corporate bodies such as Perpetual."

Alongside this speculative approach to gaining commissions Harber has a standard range of crescent sundials, which he sells direct at £200 each.

He also produces a mail order flat brass sundial which can have a motto or inscription to suit the client. These are designed by computer and made by a subcontractor in small batches.

Harber uses two other subcontractors for foundry work, and some engraving and fabricating. When jobs demand a larger space than he has in his workshop he works at their premises.

A more unusual standard product he makes to order is a sundial in the form of a small bronze replica cannon, modelled on a style commissioned by Louis XIV, the Sun King, for Versailles. At midday it is fired by the sun. The price is £1,700.

"I feel the steady orders these standard lines generate, alongside what I call my more ambitious quantum leaps, give my business stability," he said.

Harber relies heavily on bought-in expertise in areas where it is needed. "Fortunately I also have an excellent relationship with my subcontractors and a very dependable part-time book-keeper, who also does my mailshots and letters," he said.

"I have no need for business but I am very ambitious. I believe I am awakening peoples' interest in quality sundials made to order, and also that with the millennium approaching there are new markets to be tapped."

"I am convinced that after a rather varied career I have found my niche and I shall stick to it."

David Harber, The Sundial Workshop, Lower Cullham Farm, Aston, Henley-on-Thames, Oxon RG9 3DP. Tel: 01235-828468.

Continued from Page 1

sand sculptures or again, in the darkness of a classroom, creating their own cartoon characters.

A camaraderie developed between these students of all ages. A woman from the mid-west in her late 40s was anxious to improve her culinary skills. She ran a part-time catering business from her home and wanted to pick up some tips while her husband was playing golf. Although the

Disney amusement parks were only half-an-hour's bus drive away, a 10-year-old said he found the institute's programmes "more fun". There is little doubt that the experiment has captured the mood of the times.

Richard Hutton, the institute's vice-president, said that one visitor had written to say her life had been changed. He was quick to emphasise, however, that Disney had not invented anything new. "What we have done is to combine a whole range of learning, self-discovery and entertainment

activities in one resort, and it is true that there is no place quite like it anywhere else."

It all started 11 years ago when the Disney chairman and chief executive, Michael Eisner, went on a family holiday to the Chautauqua Institution in upstate New York. The institution was established 190 years ago as a school for Protestant Sunday school teachers.

"It has grown into a mecca for cultural activities and self-improvement vacations," Hutton said.

"Michael's wife had worked there as a teenager and after

their holiday he was so taken by the place that he left a memo to Frank Wells, the then president of the Walt Disney Company." Eisner wrote that the company should consider building a resort "to enhance the quality of life in a Disney fashion". No one, not even Eisner, knew what life enhancement Disney-style meant, Hutton admitted.

An experienced television programming and production man - he was involved in the production of two award-winning American TV series investigating the roots and nature of

human behaviour - Hutton joined Disney four years ago to develop the philosophy and a set of standards for the new self-discovery resort.

"Because we were Disney we started with the idea that everything had to be fun. At the same time, we decided the activities should have some potential significance to our visitors, something meaningful," he said.

The institute's activities focus on areas familiar to the Disney utopia of wholesome middle-class midwestern American values and entertainment: animation, film and show business, the environment, sports and fitness. "The idea is to participate and not just take a passive vacation," explained Bob Mervine, another institute executive.

"Although we don't pretend to turn you into a mature animator overnight, we want people to take away with them an experience or skill, to be able to say they have done something they probably would never have thought of doing."

Disney has discovered that the world is not entirely composed of children. It can no

longer rely on Mickey Mouse and Donald Duck to keep the big money flowing into its corporate coffers. Its new resort fits in with the prevailing trends in the travel industry and the demand for holidays with a purpose from a population with more and more leisure time on its hands.

Filling that time will become one of the challenges of life in the next century. The alternative could be frightening. In his much quoted *The End of History and the Last Man*, Francis Fukuyama warns that when machines take over all

our work, there will be nothing left for us to do but lie in the sun like dogs. Fukuyama's vision of the future is already out of date. We are more likely to be working like dogs - but for fun.

The Social Psychology of Leisure, Michael Argyle, published by Penguin Books, £8.99.

Seven night packages at the Disney Institute all year round start at £906 an adult, includes scheduled transatlantic flights, airport transfers, full board, accommodation at the institute, participation in all institute courses except individual tennis and golf lessons. A one-day theme park pass is also included. Contact Bridge Travel Services, Tel: 01292-431108.

Chess No 1, 133: 1 Bc4 (threat 2 Nc4) Nc6; 2 Rd3, or Nc6; 3 Bc3, or Nc6; 4 Nc2.

PERSPECTIVES

Lunch with the FT / Lucy Kellaway

The glum professor and an experiment in pleasure

David Warburton stared glumly at his risotto soufflé, a *risotto soufflé* or *coquille St Jacques rôti*. "Wine and food do not suit me at lunch time," he said.

This was unfortunate as we were in the middle of a serious lunch at Le Gavroche, one of London's finest restaurants. It was even more unfortunate as the purpose of the five-course extravaganza was to celebrate life's pleasures.

My guest and I were eating for Science. We were proving his thesis, that enjoyment is good for your health. We were also giving a dry run to 'The Menu of Pleasure, a banquet rich in calorie and cholesterol and featuring red meat, double cream, chocolate and wine.

This menu, which he had drawn up with the great chef Albert Roux, was intended as a declaration of war on the food "experts" who forbid these substances. It was to be presented a few days later to an audience of journalists, doctors, academics and psychologists.

Our dry run took place at the unpleasurable hour of 12 on a hot and sticky day. Warburton was pressed for time as he had to attend a mid-afternoon seminar on trauma at Reading University, where he is director of human psychopharmacology.

When I arrived he was standing on the pavement waiting for the Gavroche to open, an oldish, thinish man in grey suit and glasses. He had an anxious look.

In the blood red interior we sat at the deserted bar and ordered some mineral water. The waitress evidently thought this a poor show. "Can I give you a glass of champagne?" she asked. I agreed, and after a bit of hesitation so did he.

"The meal itself will be relaxing and unwinding," he announced, as if reading from a textbook. That was good news as the prospect of so much compulsory enjoyment was making me a little on edge. "We've got cross-national surveys showing that nearly 80 per cent of people in Luxembourg use a meal to relax," he informed me. Really? I said, uncertain what to make of this statistic.

Not wanting to get too swept up in random facts, I asked how he had got into the pleasure business.

"Pleasure is undervalued by scientists - medicine has had a disease approach to life. The words happiness and pleasure are almost totally absent from the medical data base. In the Oxford textbook of medicine

there are 247 mentions for stress and only five for pleasure. I believe people should enjoy their pleasures whatever they are," he declared.

That is hard to disagree with, I said, taking a large swallow of champagne and popping a smoked salmon *bonne bouche* into my mouth. "People are made to feel guilty if they do not conform," he went on. "They have an ideal and if they do not live up to it they feel guilty, and guilt is a negative emotion."

That sounds a bit obvious, I say.

Unperturbed, he continued: "In *Love's Labours Lost*, Shakespeare - or whoever wrote it - says, 'A light spirit lives long'. He explained that he and his colleagues have put together the chemical evidence to prove Shakespeare right.

His message is one that we are all longing to hear: going

'The other effect of pleasure is as an antidote to stress. A laugh in the office is the best possible thing'

to the gym only does you good if you enjoy it. If you do not, the psychological damage may well outweigh the good that is being done from the exercise itself. The message is even more popular with the food, drink and tobacco industries.

Downstairs in the dark basement dining room our table was laden with wine glasses and a daunting line of heavy cutlery. We were each brought an indecently large slab of *foie gras* with green peppercorns. It was delicious, as was the Gewürztraminer that went with it.

Warburton solemnly explained how pleasure inoculates you against disease. Apparently, if you have done something enjoyable in the last day or two you are less likely to get an infection. Likewise an unpleasant event increases the risk of illness. "There is an antibody called immunoglobulin-A and it protects against upper respiratory infections of the nose and throat," he said. "It is present in nasal secretions. You can measure it. It's very solid. You can freeze it."

A detailed account of these secretions was put a stop to by

the arrival of the scallop risotto. "Ten minutes after a pleasurable event you can measure the increase in this antibody," he said, and to the waiter: "Just a small glass of Chablis. I really just want a taste."

The other effect of pleasure is as an antidote to stress. A laugh in the office is the best possible thing for you, he assured me.

Warburton solemnly explained how pleasure inoculates you against disease. But surely you can't just decide to be happy. You can't enjoy yourself just because David Warburton has told you to.

"I think you can make resolutions to get more pleasure into your life," he insisted.

And what about him, does pleasure come naturally? "No, I think I've changed myself. I made my new year resolution that I'd drink not more wine but better wine. I'd spend that extra pound on a bottle. It's a little indulgence."

Presently our scallops were taken away and *trou de côte de boeuf aux échalotes et trésons des bois* was brought in instead. Each dish had a silver dome over it, and at the identical moment waiters lifted the domes revealing three slices of perfect beef underneath.

But is all this rich food really not bad for you?

"We are advocates of moderation. If someone is grossly overweight, or consuming 21 units of alcohol a day, then that is too much. We believe in health education, a presentation of a balanced view of the evidence. We are against the new religion, that you must take exercise, eat high fibre, that if you behave in one way then you are a responsible, moral person and shall have salvation."

This meal was not exactly what I would call moderation, but I let it pass. Instead I asked about how the menu had been chosen. "We wanted dishes that any reasonably competent cook could make," he said. Come, I said. Could you make this? He claimed that he could.

At this point the man who had made it, Michel Roux Jr, came to our table to ask if we were enjoying his marvellous food. Warburton apologised for sending some back untested and I, thinking the meal was on the house, thanked him profusely.

According to Warburton, public opinion is moving his way. "Back in the 1980s people thought if they lived the right

way they would live forever. They had their bran muffins and they thrashed their bodies but they didn't feel any happier and they still lost their jobs. Now there is a switch around. It is the pleasure revenge. You can see it in the products that are being sold - the Häagen-Dazs and Ben & Jerry's."

American ice cream is light by comparison with the rich cheese soufflé floating on a lake of warm double cream that had just been brought. By

David Warburton: he believes that going to the gym only does you good if you enjoy it

now we each had four glasses of half drunk wine in front of us, and I was feeling a little despairing. Already uncomfortably full, I was wondering how I could get through the rest of the meal.

I sensed even more anxiety coming from my guest who was very late for his trauma seminar. Presently the half-eaten soufflés were taken away and replaced by no fewer than four chocolate puddings, one hot, one cold, one minty and one with orange, and all delicious.

As I groaned over the pud-

dings he told me about the research he is doing into the hierarchy of pleasure. He has given men and women chocolate to eat in the laboratory and watched how they react.

"We have found that women find chocolate much more relaxing than men. One in three women use chocolate for relaxing at work, whereas only one in five men do."

Use chocolate? I don't use it, I eat it.

Once he has ranked pleasure he is going to do the same for guilt, but is already fearful about what he is going to find.

"In the US they found that women felt more guilty about breaking their diet than sleeping with a married man," he said, shaking his head.

We were brought coffee and *peris fours*, but neither of us had the heart to touch them. "I think this meal was meant to be on the house," I said to the waiter, as we prepared to leave. "I'll just check," he said, returning with a little piece of folded paper on a silver dish. It said, £240.

I had eaten the most accomplished meal of my life, but if Warburton had taken a sample

of pleasure antibodies from my nostril just then, I am not sure how much immunoglobulin-A he would have found.

In his own nose it might have been even more scanty, poor man. Not only did he break his normal midday bread and cheese, and miss his seminar, he was also wracked with guilt over the bill.

The following day he left two messages on my machine, sent a fax and a letter with a cheque for his share. I only hope that two days later he did not come down with a monster of a cold.

Drew et Mon Droit

With the publication of the Queen's Birthday Honours last week, the season for investitures is back again with a vengeance and, as I found out a few weeks ago, the ceremonies, held 22 times a year, offer an intimate glimpse of the British system at its most fascinating.

It all starts at 10am as police in overalls examine the cars as we prepare to pass through the gates of Buckingham Palace. As soon as we step out of the courtyard, my octogenarian architect mother-in-law, Jane Drew - since the New Year's Honours, Dame Commander of the Most Excellent Order of the British Empire - is gently taken from her daughter Georgia, her grandson Luke and her son-in-law, and borne off to the rooms prepared for recipients. (Apparently no one at the palace yet knows Jane Drew is jokingly threatening to take as her armorial motto, "Drew et Mon Droit".)

As each of the recipients is allowed three friends, hundreds of us are guided up the grand staircase past the impressive cavalrymen in their cuirasses and white buckskin breeches to the ballroom. There, guards colonels with swords usher us to our places with a kind phrase.

The Earl of Airrie, in morning dress, the elegant white-haired quintessence of chamberlainship, looks in for a last check before the Yeomen of the Guard clump forward. Then follow the quicksilver

It's good that someone is honoured for services to bathroom fittings

officers of the garkhas. The Prince of Wales appears and the musicians who had been playing Mozart and Grieg, break into "God Save the Queen".

Drew is second in order of precedence among the recipients giving way only to the head of MIs, Stella Rimington, Dame Commander of the Most Honourable Order of the Bath. On cue, my mother-in-law grasps her stick and walks determinedly into the royal presence for her badge and her star as DBE which are handed to the Prince on a velvet cushion by Major General Sir Simon Coopers, Master of the Household.

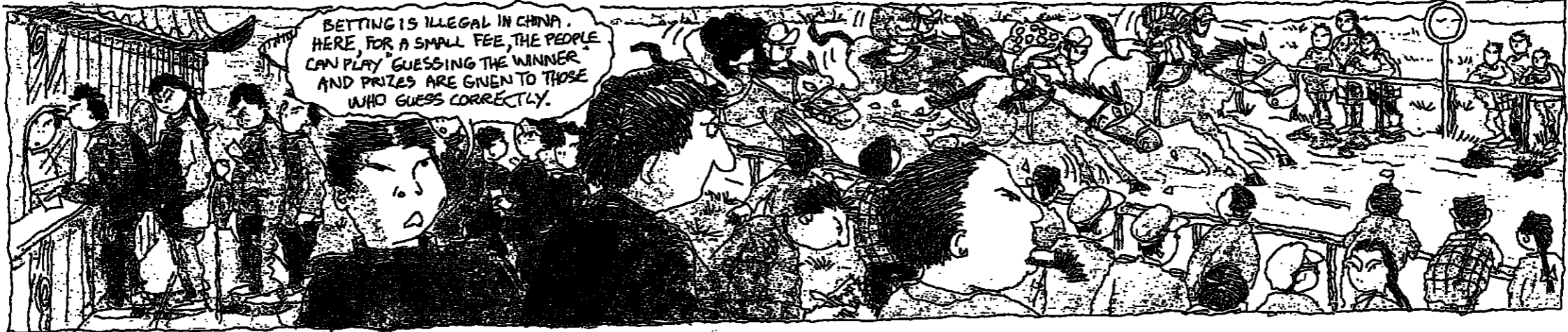
Scores follow, but one man stands out. Tall, black, a mountain of a man, the Prince's third Chamberlain reads out sonorously: "Detective Sergeant Norwell Roberts, Metropolitan Police." It turns out that the DS 49, a drug buster and hostage negotiator in Golders Green nick, became the first black police officer in London in 1967. Humbled by our ignorance, we agree that the Queen's Police Medal was never better deserved.

Investitures seem to be full of such items. How good, that her services to the Bathroom Fittings Industry (the palace's capitals) has brought membership of the civil division of the Most Excellent Order of the British Empire to Joan, Mrs Scammell. How heartening, too, that Sylvia, Mrs Richard is granted similar distinction for her services to the community in Mawman Smith, Cornwall.

The Prince has a word of congratulation for each recipient. By 12.30 he has bestowed the last MBE to the man from Customs and Excise, awarded the last decoration to the fireman from Lancashire, given the last Polar Medal to a short man in a kiln. "God Save the Queen" again and the Prince departs. The head of MIs, in the black but with white roses, has vanished. Unrefreshed, we troop back down the grand staircase.

Georgia, Mrs O'Shaughnessy, asks her mother what he said. "Oh, he was very nice," she says. "He asked me to lunch to talk about architecture if I had time."

Hugh O'Shaughnessy



Betting on a long shot in the Beijing Stakes

John Ridding eschews Royal Ascot and comes up with a tip that China's fledgling horse-racing industry could finish strongly

The first race at the King of Horses meeting in Beijing brought only a trickle of punters to the betting kiosks. By the fifth race, it was hard to push through the throngs, and still harder to collect winnings from the solitary, besieged, payout window.

Down by the dirt track, the handful of people who watched the shabby steeds on parade grew into a chattering crowd. Bashful at first, the victorious jockeys thrust their arms into the air as they mounted the winners' rostrum and collected prizes worth months of toil in a state factory.

Such a cautious start and strong finish may provide a pointer for China's fledgling horse-racing industry. Betting is still officially illegal, but the euphemistic game of "guessing the winner" are being tolerated as a social and economic experiment in the country.

As in horse-mad Hong Kong, the result may help provide mass entertainment for the country's increasingly affluent populace and supply funds for

the government's creaking budget.

For Cheng Chunbo, the stakes are more personal. As founder and head of the Beijing track he has a lot riding on the future of racing in China, as he did on the success of this month's meeting - the biggest so far at the course.

Grinning in the stands as enthusiasm rose around him, he used gestures to explain his expansion plans. To the left he will build a 28-storey club house. To the right is the land he has bought to extend the track from 1,200m to 1,800m. "We are still very small compared with Hong Kong," he says. But Cheng, a local business baron, is thinking big.

The challenge, for him and for the score of race courses springing up around China, is to reconcile such ambitions with political sensitivities. Deng Xiaoping, the country's paramount leader, famously decreed that to get rich is glorious. But how to do it is the difficult part.

The underlying attraction of betting, the chance to strike it rich at a speculative stroke, is

alien to China's socialist system, albeit one under reform. So the industry is on a tight rein, forcing Cheng to manage a tricky balance.

Presiding over the opening ceremonies for the King of Horses meeting, the jocular racing chief seemed at ease with the task. To loud applause, he handed a cheque for ¥200,000 (£25,400) to the vice-minister of civil affairs, a contribution, he said, to social works.

The ministerial presence was not the only sign of a tacit nod from officialdom. The calligraphy on the plaque in the entrance, below a leaping sculpture of a golden horse, is signed by Tian Jiyun, vice-chairman of China's National People's Congress. On the ground, local police mingled casually with the crowd.

Official acceptance is just part of the challenge facing Cheng. For the moment, the racing venture is supported by his 18 other businesses, from property development to golf. But to pay the prizes - which exceeded a record ¥300,000 at the King of Horses - and to

fund his social contributions, he must draw the crowds to the course on the outskirts of Beijing. Judging by the weekend meeting, he is doing well.

The crowd peaked at more than 5,000 - a respectable figure given the lack of transport

rooms, was Beijing's first Ferrari owner. Around him sat a respectful group of men in expensive sports shirts and women in hats. Downstairs, a film actor provided a celebrity centre of attention.

There were also types familiar to the Tattersalls of any British course. Scuffly men dug their hands in their pockets and scrutinised the horses as they cantered towards the starting gate. One, whose T-shirt portrayed Playboy bunny ears sprouting from the head of Lenin, darted repeatedly from the trackside to the betting windows.

The event drew sponsors as well as crowds. Neslé stands supplied free coffee and chocolate drinks. Budweiser advertisements hung from the track railings, where there used to be a banner proclaiming the illegality of betting. A salesgirl in a skin-tight dress sold cans of the American beer.

The workings of the race also strived to emulate foreign techniques. Odds were illuminated on an electronic totalisator board in the middle of the track. But they fluctuated

wildly as wagers were placed, with a 66 to 1 rank outsider becoming a 3 to 1 favourite in the blink of an eye. A newspaper with form guides and reports had been halted by the authorities, leaving punters fumbling to select their steeds.

With little form information, size often became a safe bet. Wind Sweeping Cloud dwarfed its rivals as it thundered home in the third race. In the following event, however, the lumbering number nine served as a reminder that size is not everything.

New horses are part of Cheng's plans for the next stage of development. A brochure for the Beijing Jockey Club says that 200 are due to be imported from Australia and New Zealand by the end of the year.

So for the small horses from north-eastern China which at present contest the club's prizes, the competition may be about to become much fiercer.

Computer systems and track maintenance have already been improved, sometimes after assistance from the Hong

Kong Jockey Club. Emphasis is also being placed on improving the quality of the club's jockeys. A message over the loudspeaker explained that in an effort to encourage dietary rigour, the lighter jockey will be deemed the winner in the case of a tie.

The club itself is being targeted as a means of developing revenues. For a special offer price of ¥20,000 Beijing race enthusiasts can buy membership and ownership of a horse, which they also get to name. This is a lot of money, but a snip compared with the HK\$20,000 (£2,700) required to join the Hong Kong Jockey Club, after a two-year wait, and with no horse included.

Nearly 60 have signed up so far. To secure more, Cheng must press ahead with building the new clubhouse while, as ever, picking his way through the grey area that surrounds Chinese racing. The odds are uncertain.

But as China develops an appetite for the horses, and as its leaders experiment with reforms, his ambitions are less of a long shot.

FASHION



Hot blazers for the summertime

Versatile and comfortable, a man's wardrobe is incomplete without this jacket, says Nick Foulkes

Despite what imaginative fashion designers and trend-conscious retailers insist, there are few classic items of male clothing. They include the tweed sports jacket, the pin-striped suit, the grey flannel suit, the dark blue suit, the dinner jacket and, of course, the blazer.

Of these, the blazer is arguably the most versatile.

Robert Gieve, of Savile Row tailor and outfitter Gieves & Hawkes, encapsulates its appeal. "My mother brought me up to wear clean socks and clean underwear in case I had an accident and had to go to hospital. Today I would also advise the wearing of a blazer. It meets every eventuality and every aspect of almost anyone's lifestyle," he says.

With a formal poplin day shirt and a crisp silk tie, the blazer takes on an almost regimental or formal club look: open-necked with chinos it looks more relaxed and can even be worn with jeans and a T-shirt.

"The blazer is incredibly comfortable," says Italian designer Nino Cerruti. "It is one of the easiest pieces you can wear, having the advantage of working beautifully with gaberdine pants or blue jeans."

It seems that with a blazer it really is possible to have it both ways. As Cerruti gamely puts it: "The blazer used to be the formal way of being right, now it is the comfortable way."

The blazer's popularity has risen as the concept of "Dress Down Friday" has crept into the British working week.

Holland & Holland has developed lambswool tweed blazers at £345 to wear with cords and moleskins, while the best seller at the Savoy Tailors Guild is a navy four-button, single-breasted blazer which, at £39.50, offers a silhouette favoured by today's youth. "We are finding we are selling more blazers for Friday wear in the office, when young professional men want to appear smart, but not as formal as they would appear for the rest of the week," says Rowland Gee of the Savoy Tailors Guild.

As well as being comfortable the blazer still underpins such classic events of the English summer calendar as Henley, and is also worn over formal racing clothes during lunch, before morning coats are put on.

"The blazer purchaser is faced with a bewildering range of choice.

There are blazers from £90 to £200, in everything from plain solid wools to luxurious cashmeres, bulky flannels to crease-resistant super cool wools. They come in most colours from navy blue to bitter chocolate, and bold stripes.

Then there is the question of the buttons: shiny brass, crested silver, white horn, black resin, even pewter are a few of the materials pressed into service to fasten blazers. But one first has to decide whether it should be double or single breasted. Jeremy Hackett, chairman of the men's outfitters which bears his name, says: "In England the double-breasted blazer is certainly the most popular. The single-breasted tends to look more American and is bought by younger customers."

If only it were a question of choosing between double and single-breasted. Aquascutum alone has about 14 different types of blazer available off the peg and many can be made to order.

Going into a gents' outfitters and asking for a blazer is a bit like going into a supermarket and asking for some food. It is impossible to be too rich, too thin or, it seems, to own too many blazers.

Even so, I was shocked when I thought about how many blazers I own. They include one bespoke double-breasted blazer in navy blue wool from Stamp of Oxford with a sky blue lining; one ultra light-weight one from Brioni with an orange lining; one from Brooks with boater, punt and wind-up gramophone - if at all; one in navy blue flannel three-button, single-breasted from Hackett; and one rather decrepit blue double-breasted thing with patch pockets.

I also seem to remember a soft blue flannel blazer with taped edges, a pink one and another liberally accessorised with braid, which looked as if it had been ripped from the back of a White Russian admiral. But these have probably been thrown out or locked into a trunk in the loft for my own good.

Robert Gieve has a less eclectic and more rational approach. "I have got three blazers, a classic double-breasted with our house logo on the button, discreet but nevertheless worth wearing as I am a fifth-generation Gieve, another double-breasted one with a plain gilt button which I wear in situations where I do not want to be too corporate and a single-breasted which I wear instead of a sports jacket."

In the main, a double-breasted jacket gives a more formal look, but when the temperature rises a single-breasted jacket is more convenient and comfortable to leave

unbuttoned. A blazer is one of the few items of the male wardrobe which can be described as an investment purchase, and if bought sensibly it should never go out of fashion.

"A traditional blazer should be double-breasted," says Hackett. "It should button quite high and have a generous width lapel, the six buttons should be brass and the blazer should have side vents."

If in doubt it is best to steer clear of overly decorative buttons and breast pocket badges unless you plan to wear your blazer to the appropriate club, regimental or school gatherings. However, as the blazer is a faintly sporting garment discreet touches such as buttons commemorating, say, a blue won at Oxford for golf are bearable.

If the style is virtually immortal and unlikely to date it makes sense to buy a blazer which is soundly constructed, hence it is worth spending as much money on it as possible. A bespoke garment is, of course, the perfect solution but with a good West End London tailor relieving you of around £500-£700 and in Savile Row up to about £1,000 for a blazer, this is not

always such a good idea.

For a better option, try Hackett and Gieves & Hawkes which offer made to order and special services. If buying off the peg, try to select a garment with a floating canvas chest piece. This means that the blazer will have a better shape and is less likely to collapse or bubble up after a couple of visits to the dry cleaners than its completely fused counterparts.

It is also a good idea to consider the weight of the cloth.

While some of the heavier almost reefer-style blazers are perfect for Britain, they do not always travel well.

One of the great joys of the blazer is that it is good for going abroad and can give that much needed air of respectability which is a big help with airline upgrades. Conversely, if a blazer is too light it means that its use is limited to hot countries. The ideal choice is a mid-weight one of about 10-12 ounces.

Finally, if your wardrobe is to include just one blazer make sure it is navy blue. Honey-coloured cashmere may be all very well if one spends a lot of time watching the world go by from the back of a gin palace in Puerto Banus, but it will look odd in the more conservative atmosphere of Bournemouth.

'It is one of the easiest pieces you can wear, it works beautifully with gaberdine pants or jeans'

Brothers; one from Pierre Cardin, complete with branded buttons and Paisley lining circa 1968; one high buttoning, double-breasted "boating jacket" with five buttons at the cuff; one white, red, blue, white and green striped four-button, single-breasted creation from early this century which should only be worn

A real gift of a home delivery

Karen Wheeler on a booming baby business

Most of us reach for a credit card and dial a florist on news of the birth of a friend's offspring: few have the time or inclination to travel around Hamleys or baby-wear shops. But those who want to send something a little more original - and useful - than flowers, can do so using an ingenious new service called Baby & Co.

Baby & Co will deliver a gift hamper to anywhere in the UK by the next day. Inside the wicker basket are welcome things for a newborn baby, such as broderie anglaise coat hangers, little hair brush sets, natural products made from aloe vera and chamomile, and goodies for the mother too - jars of honey, herbal teas and biscuits beautifully packaged in Beatrix Potter tins.

The hampers can be themed. For example, the bath-time hamper contains bath products, soap dish and a thermometer, while the feeding-time hamper contains a hand-painted tray, tumbler and cotton bib.

Alternatively, you can assemble your own hamper from a comprehensive list. "The only thing missing is something for the new father - a bottle of port or some earplugs would come in handy," says Michele Clements, 37, who formed Baby & Co in January this year with a friend, Leanne Gordon, 23.

Clements, mother of 18-month-old Josh, was partly inspired by her own experience. "By the time I had received the 10th bunch of flowers after Josh was born, I ran out of vases and had to keep them in the sink," she says. She also points out that many newborn infants are allergic to pollen.

Understandably, some people are nervous about ordering gifts by telephone, but Clements and Gordon (both married to financiers) stress that the hampers are tasteful rather than twee.

"We get many callers, particularly men, who haven't got a clue what to send and are quite

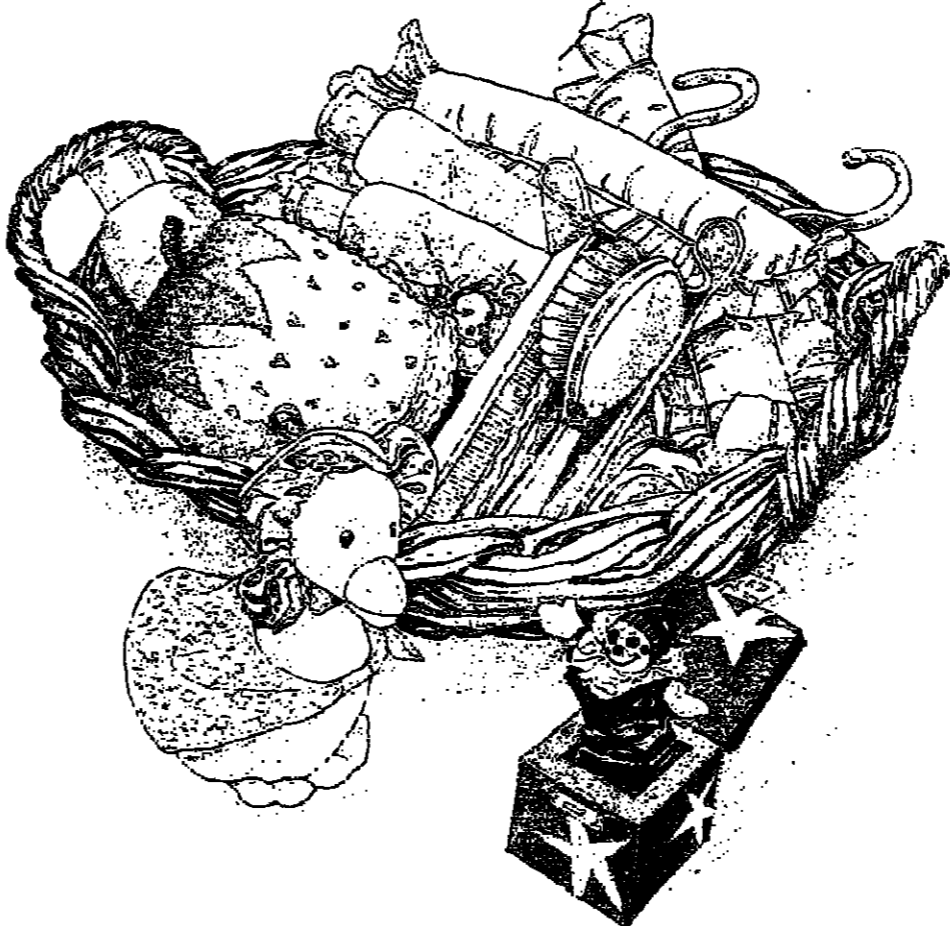
happy to leave it to us," says Gordon.

With a penchant for Gucci and pretty enough to be models (Gordon previously worked in Vogue's advertising department and Clements did interior design), both have exquisite taste. They set up Baby & Co in January with little more than a computer, a fax machine and £500 worth of stock, working from a back room at Clements' Kensington home.

To begin with, clients were mostly friends and drawn from the worlds of fashion and finance, but news has spread by word of mouth and business is booming. The only wonder is that somebody did not hit on such a simple idea before.

Ironically, the hampers started as a bread and butter sideline to their nursery equipment service - a similar concept to the Wedding List Company whereby Clements and Gordon co-ordinate an entire nursery for the mother-to-be, with everything from Moses baskets to high chairs. Small overheads mean prices are significantly lower than in the high street and there is no service fee.

In addition to hampers for newborns, Baby & Co also does christening and birthday bas-



kets, which can include toy chests hand painted with the child's name. One of the most delightful items is a little red Merry Berries cardigan knitted to resemble a strawberry, which comes with a cute matching beanie hat topped

with a little green stalk. "A lot of people have also placed standing orders with us because they can't keep up with their god children's birthdays," says Gordon. "We log the date in the diary and then phone up a week before to

remind them that little Emily's birthday is imminent." Prices are very reasonable for such a personal service, ranging from £15 to £250 or more (usually the result of an office collection), excluding delivery. ■ Baby & Co, tel: 0171-373 0574.

Fashion Notebook

Changes afoot

Since fashion fads usually require a degree of discomfort (witness last year's stiletto heels), it may come as a surprise to find that the shoe of the moment is the squishy, lightweight driving loafer, complete with non-slip nubbles on the soles.

For proof of its current fashionable status, look no further than Joseph (0171-829 4774), which stocks JP Todd's driving shoes alongside its Prada loafers.

They come in pale blue, meadow green and neon orange as well as neutrals. Snakeskin has almost sold out (despite its £225 price tag); camel and black patent leather are also favourites.

Joseph reports that an eclectic group of people are buying them. Liz Tilberis, editor of style bible, Harper's Bazaar, the Princess of Wales and model Elle Macpherson were all spotted wearing them earlier this year.

JP Todd's work well with casual clothing - particularly flat-fronted, slim trousers. There is, however, a drawback - the driving shoe, devised in 1963 for racing types on the Mediterranean social circuit, means exactly that. It is great for leaping in and out of cars and for lounging around in the garden but it is not robust

enough for a bracing country walk. And at £149 a pair, it would be foolish to try.

Despite the best efforts of designers to make this summer's clothing a jewellery-free zone, most women have chosen to ignore the spartan edict, opting instead for discreet pieces, such as a jewelled Tiffany cross or something in silver from Van Peterson, Pearis, beads and other baubles, however, have remained in jewellery boxes.

There are signs now that this is about to change. In the recent movie, *Cosmo*, actress Sharon Stone's eye-catching outfits were all generously accessorised with over-stated jewellery by Bulgari. Meanwhile, in London's Sloane Street, there is an arresting sight in the window of Gianfranco Ferré: a plain white outfit topped with an unmissable, multi-stranded necklace of scarlet glass beads.

And Fulham Road costume jeweller, Farah Lister, which makes over-sized necklaces and bracelets in pastel colours, opaque glass beads, says that fashion editors are once again borrowing jewellery for fashion shoots. A firm minimalist, could this be the first sign of a new "maximalism"?

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HOW TO SPEND IT

Top head hunters stalk the campus for art's sake

At the Royal College of Art, Lucia van der Post finds its graduates with degrees in the avant-garde, the highly inventive and the clearly saleable

We are already halfway through the season of the art college shows. The Royal College of Art has already shown the work of its graduates in fine art, fashion and textiles. Charles Saatchi and gallery scouts have already been and done their spotting - and their buying.

Those who have missed it can catch up by buying the college catalogue printed by Blueprint which illustrates an example of the work of every student. If something appeals, remember that the students are keen to turn a penny and more than open to commissions.

Hot tip for the artist to watch is said to be Philip Jones, while on the fashion front Gianni Versace saw the show one Friday, had flown Vanessa Doyle to Milan by the Monday and invited her to join him full-time. From another - Briony Stevens - he bought her mannequin and is interested in other designs.

All this is by way of saying that the work of our students is invigorating and inventive and that if there is work that appeals to such educated and sophisticated eyes as those of Versace and Saatchi, then there is certainly much to interest the rest of us.

Make a note of June 27 when the next tranche of exhibitions opens. This will be a good chance to see the work of ceramicists, glass makers, goldsmiths, jewellers, furniture and graphic designers and illustrators.

The natural history illustrators rarely get much publicity but this year there are two in particular whose work is worth seeking out. Lauren Dorman has already caught the eye of Christie's wildlife art buyer and no wonder - she works with naturalists and zoologists and regularly visits Africa to draw and study primates. Her drawings - of gorillas, in particular - are haunting and beautiful.

Gerry Turley is fascinated by rare breeds and has created a children's book of much charm focusing on examples such as the British saddleback and Shire horse.

Helen Legg is possibly the most immediately commercial designer among the students who work with glass - although she is as creative and inventive as any. She has explored ways of updating the old Venetian technique of Millefiori and has produced some remarkable bowls.

Legg's kaleidoscopes (she is fascinated by prisms and the principles of refraction) are original, while her reworking of the old country house standby of the water jug and glass is contemporary, bold and beautiful.

Look out also for the strong bold forms and deep rich colours of Gareth Williams.

Students, as is wholly right and proper, are much interested in contemporary themes and Delyth Done's ceramic pieces are unusually disturbing. A farmer's daughter, whose brother is an embryologist, Done has become increasingly interested in the world of surrogacy and genetic engineering. Her sculptures are of mutant animals - a pig's head

on lamb's back legs, a pig's head on a single cow's hoof. They are haunting but Done says they are not meant to be scary. "My work isn't anti-farming," she says, "but it is questioning some of the new methods that modern farming involves."

In the jewellery and goldsmithing departments, there is the usual mix of the highly wearable, the strangely surreal and the sculptural.

Emi Fujita, a Japanese student, has produced a highly contemporary version of the traditional Japanese hair ornament. But she turns it into something more original by providing each pair of hair pins with a richly coloured glass base in which they are kept when not in use and which are decorative in their own right.

Ian Ferguson's work is

among the most refined in the show. He has spent a long time studying the ancient Japanese craft, *Mokume Gane*.

Developed more than 300 years ago, it was used in traditional sword-making and refers to the patterns forged into the blades. It is a difficult and laborious technique and his exquisitely refined bowls and vessels have already caught the attention of the Victoria & Albert Museum, which has bought some of his work.

Cecilia Yau, a young Chinese student, has some extraordinary rings and necklaces made from ready-coloured fishing line nylon. With this material, she makes long flexible rings that run the full-length of the finger and necklaces which can be wound round the neck rather like a scarf.

As always the show is a mix of the highly inventive, the clearly potentially saleable, and the down-right avant-garde.

There is a wide range of styles here that guarantees something of interest to most people. Entrance to the degree shows is free and they are open from 10am to 8pm on weekdays and from 10am to 6pm at weekends.

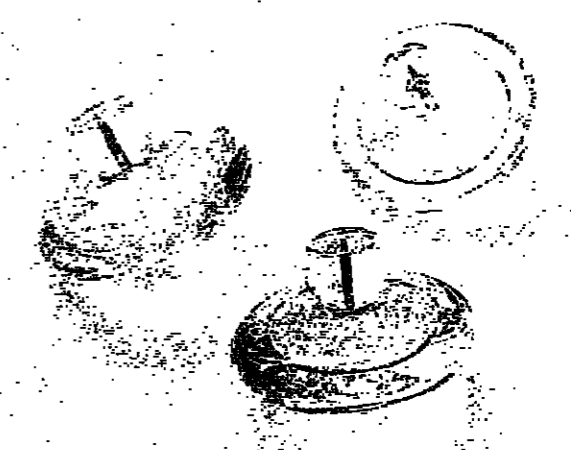
■ The Royal College of Art is at Kensington Core, London, SW7.



Hair pin bends: Emi Fujita's ornaments for which she devised beautiful glass blocks where they sit looking beautiful and sculptural while not in use



Water works: Helen Legg gives a fresh look to the traditional water jug and glass, using brilliant colours, and makes them objects of great beauty



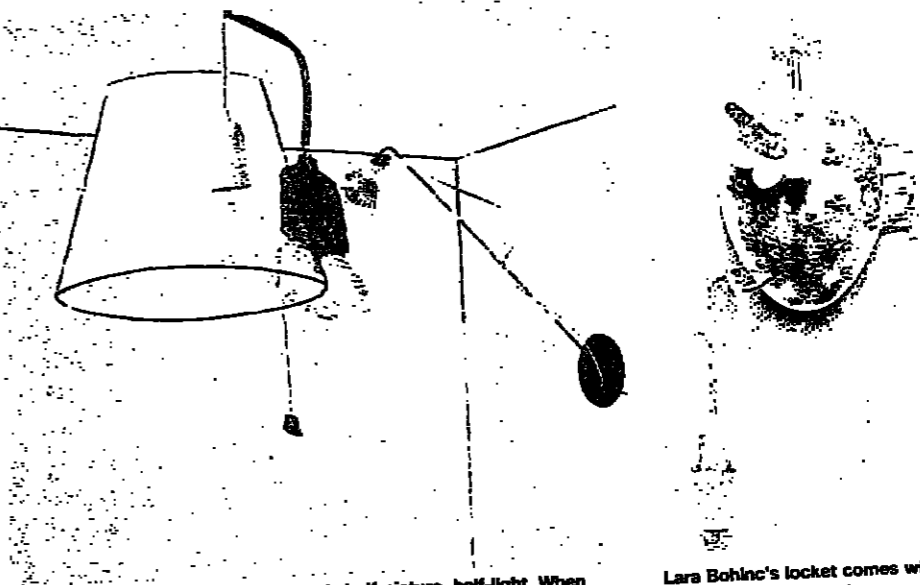
Magic mushrooms: Helen Legg's exciting, executive spinning tops



Primate example: Lauren Dorman's haunting drawings and woodcuts are dominated by primates - in this case, the gorilla



Questioning: Delyth Done's strange and haunting ceramic pieces tend to be disturbing



Light and shade: Cealra Shaw's lamp is half-picture, half-light. When switched on, the smaller halogen light shines on the larger one

Lara Bohinc's locket comes with a tiny pencil, eraser and paper

A place for post-rejectionism

For all those who are looking for something attractive to hang on their walls that will please and fit happily into their domestic lives without costing a fortune, the

Llewellyn Alexander Gallery could well be the place to look. Here are some of the best of the pictures that did not make it on to the Royal Academy walls.

As anybody who has ever read anything about the Royal Academy knows, every year about 14,000 hopefuls submit pieces for the summer show and only 800 end up on the walls.

The Llewellyn Alexander Gallery has for several years offered a sympathetic home and exhibition space to the best 1,200 of the remainder (although this still, by my arithmetic, leaves about 12,000 sad artists with little chance of showing or selling their work anywhere).

Here for those with small(ish) budgets are works for as little £50. Average prices are around £500 and some of the bigger works - such as Jon Sayer's mysteriously surrealistic "A

Simple Deception" photographed here - are priced at about £1,500.

The exhibition runs until September 7 and 6 per cent of the price of each work will go to the NSPCC. The gallery is opposite the Old Vic Theatre, at 124-126 The Cut, Waterloo, London SE1 8LN.

■ What to do with those banks of CDs and videos is a recurring problem in the musically minded home.

Hi-tech solutions are in some ways the best - they echo and reinforce the hi-tech revolution behind the compact disc and seem as appropriate a way to store them as most.

Nevertheless, not everybody wants a smart bit of metal around the place so a small little company, The Art Works, based near Market Harborough, has developed its own solution. It produces a series of neat columns or plinths which come in two

sizes - the smaller holds 120 CDs or 40 videos, while the large ones hold 160 CDs or 60 videos (or combinations of both).

Although several examples are on show at any one time at 5-7 The Mews, The George Hotel, Stamford Lincolnshire (tel: 0780-482100) they can be made to order in any colour or finish the customer chooses and can look sleek and modern when they come devoid of the decorative mouldings and painted in matt black. They assume a classic and grand aspect when finished with a marbled paint effect and Grecian Doric flutes, and neo-classically simple when painted in a matt finish with a simple moulding.

Prices range from £325 to £395. They can also be seen and bought at The Courtyard, Loddington Hall, Loddington, Northamptonshire, NN14 1LA.

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Budget buy: Jon Sayer's 'Simple Deception' is priced at £1,500

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TRAVEL

A testing time in a corner of paradise

Michael Cassell reports on the fall-out after the ending of nuclear tests in Polynesia's emerald lagoons

The spell was broken on the steaming, uphill road to Haapu. Among the rotting carcasses of fallen coconuts stood an electricity pole bearing a familiar slogan: "No to Nukes."

Familiar, that is, to any street-sour city dweller. But not the sort of thing the unsuspecting traveller, high on the scent of frangipani and the sound of surf, expects to find around the next corner in paradise.

Rich in cantaloupe, copra and coral, not to mention electricity poles, the tiny island of Huahine is one of many, largely undeveloped, ports of call in the South Seas.

The main town of Fare amounts to a row of clapboard shops and a quay; languishing locals watch their small world go by from the shade of ancient flame trees. Scarred and smelly dogs sniff each other in daisy chains of canine delight, the flesh of their ancestors once likened by ravens to 18th century voyagers to the finest of English lamb.

Political agitation seems as likely as a traffic jam in the land of infectious smiles and tireless ukulele players. The biggest troublemaker in these parts is the "no no", a sand fly with a nasty bite.

However, all is not what it seems in French Polynesia, where Rupert Brooke believed the Creator had "laid himself out to show what he can do". In recent times, man has demonstrated his own, more sinister skills.

Stranded in the south Pacific and covering an area roughly the size of Europe, the 130 islands said to be among the last places on earth settled by humans have for three decades played host to visitors practicing for the apocalypse.

While the early French colonisers who followed Captains Wallis and Cook brought beads and guns to exchange for sandalwood and black pearls, their 20th century counterparts offered huge injections of cash. In return, they erected the Centre d'Expérimentation du Pacifique to test nuclear weapons. Polynesia's emerald lagoons have since been blasted nearly 200 times.

Last September, after a three-year pause, the uninhabited atolls of Muroroa and Fangataufa again shook to a series of explosions. One local

Rich or not, only the most jaded visitor will deny the thrill of swimming with black fin sharks

politician was moved to call them an assault on "our mother's womb".

Ugly, if short-lived, rioting hit Papeete, Tahiti's slightly seedy shrine to tropical materialism 750 miles to the west. The disturbances reflected anger at the French tests but also re-ignited old grudges over lingering colonialism; the local independence movement is winning new support in Polynesia's love-hate relationship with its "European sugar daddy".

President Jacques Chirac ignored international condemnation of the tests until this January when he announced a permanent end to the programme and pledged extra

development funds over the next 10 years. The doomsday paraphernalia is now being dismantled.

But if the war games in the most exotic of French overseas territories have stopped, the economic fall-out continues. Tourism, above all, is critical to French Polynesia and tourists do not generally rank nuclear irradiation high on their holiday wish list.

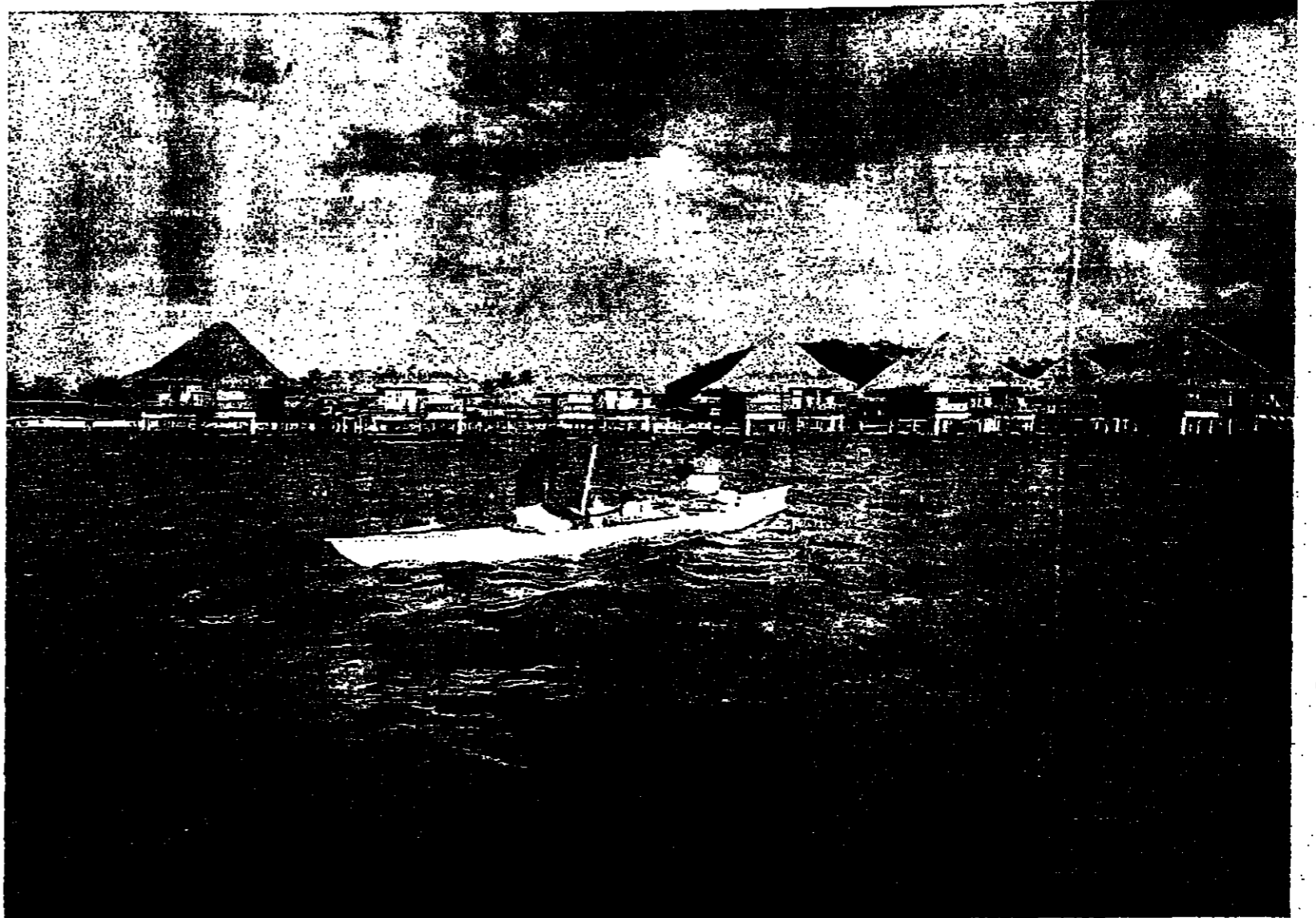
With exquisite bad timing, the French tests coincided with the 50th anniversary of Hiroshima. The all-important Japanese tourist market collapsed overnight and the number of visitors from the US and Europe quickly dwindled.

"People were offended. Polynesians in particular were hurt by the refusal of the French to respect their wish to see an end to the tests. The riots were uncharacteristic but understandable", says Tom Kurth, an American who made a fortune in industry and then spent it on Huahine.

Kurth, who arrived 30 years ago to study coconut crabs and returned to settle down and adopt 13 children, has built Hana Ii, a somewhat eccentric and utterly isolated hotel on the island's west coast. Extraordinary bungalows hang from cliffs and nestle among tropical fruit trees, offering sublime views across the lagoon to the distant islands of Raiatea and Tahaa.

Kurth acknowledges that paradise - which at Hana Ii can cost more than £500 a night - is under threat, not from bombs but from a change in attitudes among islanders who once wanted for nothing.

"With fruit from the tree and fish in the sea, there was no crime. But materialism is undeniably making its mark," he warns. Already, the nearby island of Bora Bora, with its



French Polynesia's Bora Bora: playground for the rich and famous

spectacular, multi-hued lagoon and tombstone peaks, is written off by critics as an unfriendly playground for the rich and famous.

With fewer than 500 hotel rooms, claims of rampant commercialism and overcrowding seem as unfair here as anywhere else in Polynesia. Where else in the world can you dip your feet in turquoise waters while your aircraft awaits a few feet away?

The bad news is, in spite of big price cuts to fill empty beds, many hotels in the south Pacific charge some of the world's top prices - beware the 540 bottle of unremarkable Sancerre at sundown. But, in return, they offer comfort, surroundings and experiences capable of living up to most earthly expectations.

The islands, however, are not just for the super-rich. There is a wide choice of clean but basic family-run pensions, largely frequented by snorkelling, scuba-diving water babies.

Rich or not, only the most jaded visitor will deny the thrill of swimming with black fin sharks, playing tag with baby turtles or stroking the velvet chin of a mesmerised leopard ray. Alternatively, humans can provide endless entertainment for boisterous dolphins or they can drift snorkel with majestic mania ray between the coral cliffs off Rangiroa, the necklace of skinny islets 300 miles from Tahiti which encloses one of the world's largest aquariums.

In the early evening, big head in Rangiroa's Kia Ora Village, a relaxed but stylish

hotel, are kept busy with requests for freshly cut pieces of lime to rub into limbs lacerated by coral. Wild hibiscus leaves, it seems, clear foggy goggles just as efficiently as spit.

Outside, another tropical day draws to a close. Outrigger canoes sprint across silent water under a lilac sky while land crabs looking for night-life leave tracks like so many mountain bikes across a cooling beach.

Rangiroa, like most of the islands, caters for its small number of tourists for a few days only. French Polynesia being the ultimate two or three centre holiday destination.

Having adjusted their time clocks in Tahiti, visitors may head in for one of several island destinations on Polynesia's five

main archipelagos or take a catamaran cruise, mooring at night under an inverted half moon to watch crocodile needle fish part phosphorescent waters.

Perhaps they have little choice. If they are no longer content to live off what paradise offers, there is little beyond tourism to sustain them apart from the copra shipped off in trading schooners and the pricey black pearl fattening up in underwater farms.

The Polynesian authorities are alive to the dangers of over-development but are equally aware of the need to exploit sensibly the treasures they have. Already, Tahiti has paid a heavy price as gateway to the islands, with its hustlers and dive bars and advice to tourists not to wander the streets at night. Even in the remote centres, coral roads have given way to tarmac and palm thatch to tin.

It will not be easy to strike and maintain a responsible balance, given the temptations on offer in the Garden of Eden. But, for now, Polynesia still provides a blissful antidote to the nuclear age which has invaded its outer reaches.

Michael Cassell travelled with Air France as a guest of Air France Holidays (UK reservations 0181-742 3377).

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PROPERTY



West Latham Hall estate, Swaffham, Norfolk: Knight Frank seeks more than £4m



The Whitway Estate, Devon: Clegg Kennedy Drew and Strutt & Parker in Exeter want more than £1.5m

Why the country market is hotting up

Farming profits, says Gerald Cadogan, are a big factor in driving up prices for arable estates

This year the market in country estates is red hot, says Willie Gething of Property Vision. "I say this as a buying agent, not someone trying to sell." Estate agents agree. "It has nothing to do with the general property market of the Halifax and Nationwide indices," Gething adds, although that is at last rising. One example is a working estate bought recently by Property Vision for a client for £5m. "Within 24 hours we had been offered a £1.5m profit," he says, which the client declined. Wilbury Park in Wiltshire, between Salisbury and Andover, was marketed in early May, with Clegg Kennedy Drew and Strutt & Parker asking for offers of more than £5m. It has been sold to a UK buyer for, reportedly, just over £7m. It is almost certainly the first Palladian house in England, based on Andrea Palladio's *Pojana Maggiore*, with influences from Inigo Jones - a good Palladianist - detectable in the south front. Inside, it is rich in ornate plasterwork and coffered ceilings. It also has a working estate of 874 acres, including three lodges, six cottages and a farmhouse. Property Vision looked at Wilbury for a client, but the final purchaser (for whom agent Savills acted) beat the competition hollow. Gething had in fact "turned it down

for our client". He said: "It is only half a mile from the main runway of Boscombe Down. RAF jets scream overhead - and the runway is due to be extended." He believed the original £5m asking price was "about right". During the 400-plus years since landowners started to build large country houses rather than castles, nothing has changed. Country houses used to be a way of converting agricultural rents - and sometimes mining profits - into an elegant, comfortable life for a few in a house that was too large for most people's needs. The contrast is stark at Penryn Castle in north Wales, an enormous Victorian house built on the profits of the nearby slate quarry. Along with bonuses and realised stock options, rollover money fuels the 1996 market. Rollover buyers are those looking to reinvest the proceeds of selling a business into another business, namely farming. That should avoid CGT and, provided the size of the trophy house is not out of proportion to the amount of land under farming, eventually lead to 100 per cent IHT relief. Looking at these long-lasting tax advantages, Gething is not surprised that someone should pay such a premium for Wilbury. In the end "he will be no worse off", he judges. "But there is no competing



The Comenden Manor Estate, Sissinghurst, Kent: for which Lane Fox and Lloyd Martin ask £950,000

with that sort of money", especially when the buyer still has to pay a tidy sum for redecoration. The likely change of government to Labour has already been discounted, he says. He has two estate buyers on his books from North America who still see Britain as "a friendly place to have some money in". Profits from farming are a big factor in driving up prices, especially for arable estates which can show a profit of £150 to £175 an acre, and sometimes much more, thanks to the arable area aid payments of the

European Union's Common Agricultural Policy. How long can the bonanza in profits - and farmland prices - last? Richard Deany of Cluttons compares the farmland boom with the 1985-89 house market. "It has to stop sometime. But when?" It probably has some way to run, at least until after the next review of the CAP, perhaps longer depending on the rate of the pound against the ecu. About £2,500 an acre is a regular price now for land, and the best goes for more. Shortage of estates for sale is

another reason for prices rising. Few are advertised. "In this small market, 10 new players have a significant effect," says Bertie Ross of Savills. "It is a very strong market. If they find the house they want and can't have it, they are ready to pay more to get it." The rising value of London property also affects the estates market, and that for old rectories and large farmhouses. People in Kensington, who decide to move out as the children grow up, still find that their London pounds go far towards buying something big in the country.

Two estates are for sale in the Chilterns with plenty of woodland. HW Dean and Savills asks for £3.2m to £3.4m for Elvendon Priory with 752 acres near Goring with a famous pheasant shoot; and Cluttons, £3m for nearby Turville Court with 611 acres and its shoot. "It is pitched at a fairly high price," says Deany, "but it is a Rolle-Royce area where a high price is the norm." New on the market, and ideal for rollover relief buyers who are serious about becoming farmers, is West Latham Hall, near Swaffham, in Norfolk, with 1,064 acres of high quality land, of which 851 qualify for arable area aid payments. It also brings water abstraction licences for 45m gallons and a first-rate commercial shoot, two farmhouses, nine cottages, 16 loose boxes and gardens running down to a moat. Potatoes, carrots and sugar beet grow well. Knight Frank is seeking more than £4m. An attractive 19th century late-Georgian house with 131 acres is Comenden Manor near Sissinghurst in Kent. Lane Fox and Lloyd Martin are asking £950,000 - just right for our Kensington banker. In Devon, Whitway is a grade II Georgian brick house near Exeter with 940 acres, about two-thirds let to the Forestry Commission. Shooting and stalking rights have been retained. Clegg Kennedy Drew and

Strutt & Parker in Exeter want more than £1.5m. In Scotland, Glenfaintaig on Loch Lochy at Spear Bridge in Invernesshire, is for sale at more than £1.25m (from Strutt & Parker in Edinburgh) for 2,133 acres offering farming, fishing, rough shooting and deer stalking. An estate best suited for corporate use, with 46 bedroom suites, seven state rooms, golf course, clubhouse, conference centre and 548 acres, is Bocket Hall in Hertfordshire. KF and S & P in London asks for expressions of interest by July 11, suggesting a guide price of £15m. The grade I house, by the great James Paine, is rich in racy stories, down to modern times. Finally, new on the market this week is Longwood near Winchester, a lovely property with 1,378 acres, and an old park and gardens, but the big house was pulled down after the second world war. There is room to put up another. Savills asks for offers of more than £5m. ■ Clegg Kennedy Drew, London (0171-499 1904); Cluttons, Oxford (01865-346611); HW Dean, Cambridge (01223-851421); Knight Frank, London (0171-629 3171); Lane Fox, Sevenoaks (01732-459900); Lloyd Martin, Cranbrook (01530-712500); Savills, London (0171-499 8644); Strutt & Parker, Edinburgh (0131-226 2500); Exeter (01392-413507) and London (0171-629 7283).

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OUTDOORS

Gardening

Peak weeks to smell the roses

Robin Lane Fox discovers those places featuring the best displays of the season

Sometimes, we are allowed a foretaste of paradise in order to keep us striving to attain it. Last Saturday, gardeners had the perfect day. The breeze softened a cloudless sky; the peonies were catching up with the irises, lupins and poppies; the greenery had not hatched in bulk and the first of the roses were beginning to open in cascades on every wall and archway.

Perhaps this weekend will allow us a second taste. If not, we can enjoy the consequences of the recent, warm perfection by visiting gardens which have at last been brought up with their usual calendar.

Nobody can predict the weekend on which English roses will be looking their unrivalled, English best. Last year, it fell nearly two weeks ago; traditionally, it used to be the last week in June this year, I will hedge the prediction and opt for today, June 29 and July 6. It is no use coming to my area and hoping to see roses at their magnificent best. Most of them hate the dry, poor soil of a garden which lies on the final outflow of the Ice Age and its shingle. I have given up most of the famous beauties with their sonorous old French names. Instead, I go to see them in more suitable sites with the reassurance that I will not have to live with their bushes when the main fortnight is over.

Rose gardens still dominate the British gardens which open for charity, but the list of honour is gradually increasing. Thirty years ago, it would not begin with Mortisfont Abbey, just outside Romsey in Hampshire. Since then, the National Trust has filled the walled garden with a stunning collection of old-fashioned roses, guided by the expertise of Graham Thomas. It is open from midday until 8.30pm every day in June.

Be sure to note the wonderful specimen of the pink rose, Constance Spry, trained on the left-hand wall of the garden as you walk down the main axis to the second enclosure. This second walled garden contains some fascinat-

ing varieties from the remarkable collection of the Rosarium at Sangerhausen in eastern Germany. Their identity is sometimes controversial, but they are valued immigrants from the garden which kept so much of the family alive during the years of Iron Curtain rule.

Thirty years ago, you would not have visited Helmingham Hall in Suffolk or Mannington Hall in Norfolk, beyond Norwich. If you wanted a first-class day among roses, both of these private gardens have benefited from the East Anglian expertise of the great Peter Beales and his rose nurseries. I have heard excellent comments on the distinctive metal supports for roses, developed and sold at Helmingham where the colour schemes and design are particularly appealing.

East of London, but nearer, you might like to form an opinion of Hyde Hall in Essex, at Rettendon, just to the south-east of Chelmsford. The RHS has taken on this post-war creation of the Robinson family and has certainly inherited a dazzling array of roses, including a full-scale show of climbing roses on ropes. It is now an excellent place to go and decide if this style is the one which most appeals to you.

In Cambridgeshire at Hemingford Grey, east of Huntingdon, academic connoisseurs in Cambridge tell me that the manor has an enchanting display of old shrub roses in its 4 acres of garden round an early medieval manor house with a moat river. It is open today from 2pm till 5.30pm and is evidently well worth a visit.

Other points of the compass open up other opportunities where many of you already know established favourites. To the south-west, I doubt if any setting could compete with Cranborne Manor, open mainly on Wednesday afternoons, with its wonderful combination of old brick walls, mature trees and long-blank roses.

Its sister garden is, of course, Hatfield House in Hertfordshire. Its gardens have been hugely increased and improved by the queen bee of grand English gardening, Lady Salisbury,



Inspirational roses from the RHS plant guide to roses (Dorling Kindersley £10.99, 160 pages)

after her titular move to the main seat from Cranborne in the early 1980s. These gardens are a stupendous example of the style on a grand scale.

In a more intimate style, I warn to Towersey Manor, near Thame, just off the M40 in Oxfordshire. The presiding female genius is the daughter of the late Mrs Merton whose Berkshire rectory garden was such a regular visitor to this column as the summit of the English country house style. Towersey has been laid out since 1978 on a site which was unpromisingly flat and decidedly sparse in hedges or distinguishing features. It shows what you can do with determination on a heavy clay soil.

Proceeding west, you can loop towards Chipping Camden to the heavenly gardens at Kiftsgate which are open in June and July from 12pm to 6pm on Saturday, Sunday, Wednesday and Thursday. It is marginally too early for the titanic white rose, the fabled Kiftsgate, which has grown from one rootstock to a length of several hundred yards. The surrounding roses will be approaching their best, while the Kiftsgate monster is warning to the many who try to plant it in a small apple tree.

Further west, down the A40, you can branch off for Sudeley Castle, near Winchcombe. The gardens here are open daily from 10.30am to 5.30pm, but the old Queen's Garden is now amply replanted and a wide range of old roses have greatly enlightened grounds which had needed more excitement. I will stop short of the northern circuit because this late season has delayed the roses' opening times in many of the best sites. No short-list can possibly exhaust the rose riches of Britain in the next fortnight, but the various styles of this particular list will suit or provoke the eye of any garden watcher or seasonal tourist. While you visit, spare a thought for those who have already sighted black spots over the gallica bushes. While you enjoy the rose arches, I will be poisoning insects, spraying spores and dreaming of the great heads of flower on Rose Madame Legras St Germain, one of those fabulous French stars whom I will never meet in the flesh but seem unable to meet without aphids in the bud, either.

Others reckon it is better to concentrate on, say, the medium to upper or lower to medium ends of the market. Rover Group (£5,346 Mini to £26,962 Range Rover) believes in the first approach: its German master BMW (£14,130 Compact to £22,020 550CSI), in the latter.

The rationale behind being a universal provider is that the glory of the posh and pricey cars will trickle down to the cheap ones. In Rover's case, it does. Its new last-year supermini, the 200, feels a cut above its competitors. As it should because it costs more than most.

I have just spent three weeks driving a trio of very different Rover Group products; a five-door 200 series, an MGF sports two-seater and a Rover 800 two-door coupé. The impression of quality conveyed by Rover's Viking ship badge comes at a price. Whether they are worth the extra is for the buyer to decide.

It takes longer than a week to form a more than superficial view of a car. But the build quality of the MGF and 800 coupé was high. The only black mark I awarded the otherwise well put-together 200 was over the driver's door lock. On the second day of my test, the lock barrel fell into the door where it rattled around for a week. The 200 model I drove was the 200D, powered by Rover's own 2-litre, 86hp turbocharged diesel engine with direct injection, which cold-started instantly without a delay for preheating. Dropping a big engine into a high-gear car is as good a recipe as I know for effortless motoring. The 200 is small enough to be cramped in the back, a 2-litre engine is on the generous side and gearing at 26mph/42kph per 1,000rpm in fifth is high.

Motoring / Stuart Marshall

Rover gambles on its image

Some motor manufacturers try to be all things to all men. They produce every kind of car from runabouts to luxury saloons.

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It was a great little goer, very quiet on the motorway, nippy around town (power-assisted steering is standard) and potentially ultra-economical.

A diesel sympathetic driver could expect 50mpg (5.05 l/100km) day in, day out and better than 60 mpg (4.7 l/100km) on an unburied journey. The interior was quite stylish, the controls light, the boot reasonable and, for a small car, the 220D rode well. With optional extra anti-lock brakes and passenger airbag, it is listed at £11,985.

For months, I had been itching to get my hands on an MGF. In the main, it lived up to my expectations. A mid-mounted engine gives it sensationally good handling, with cornering powers so high that no responsible driver would try to exploit them fully on the public highway. It rides with close to family car comfort, noise insulation is good enough for the engine not to drown the radio at touring speeds and the driving seat fitted me like a favourite jacket. Cold and wet weather persuaded me that topless driving was really not on for motorway journeys, so I never saw the MGF at its hood down best.

Hood up, visibility is none too good because the screen is shallow, the rear quarters are blind spots and raindrops make the flexible rear window opaque. Worse, my wife and I both hit our heads on the bare metal hood from getting in and out or when the car rocked

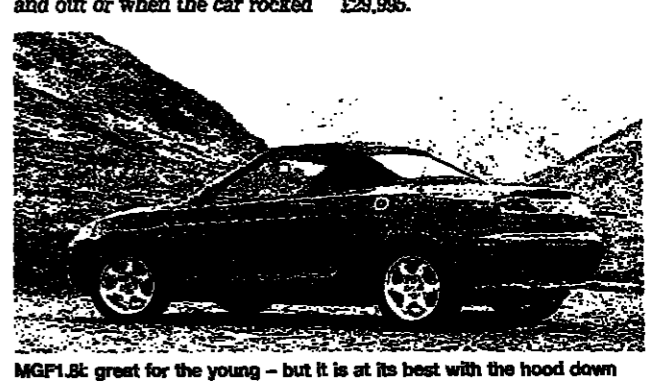
on a rough road. The modest boot takes a golf bag and gets warm enough to crease clothes in a case. (We thought it would be ideal for bringing an unruly Camembert into prime eating condition.)

The handbrake is offset and awkward to apply. All the young people I showed the MGF to drooled over it and dismissed my criticisms out of hand. I thought the MGF (from £16,985 upward) an engaging toy but the only soft top I really fancy is a Mercedes-Benz SL and - even if I could afford it - I would not have one of those as my one and only car.

The Rover 800 coupé and I achieved instant rapport. It is a beautiful car, as English as a Savile Row suit. I like to think that if a man wearing scruffy blue jeans and those horrible training shoes got behind the wheel, a well-modulated voice synthesiser would tell him to get out because he was improperly dressed.

Its styling is elegantly conservative, the interior as traditional as a Jermyn Street hair-dresser's premises and the general demeanour urbane. The new Rover 2.5 litre, 175hp V6 engine is vigorous and the 4-speed automatic transmission shifts slickly.

The boot is large and there is ample room for the driver and front passenger, but headroom in the rear seats is limited. Large two-door cars seem rather pointless. Their wide, heavy doors can be a struggle. And that is only for those using the front seats. Price is £29,995.



MGF is great for the young - but it is at its best with the hood down

A view from a fourth floor balcony

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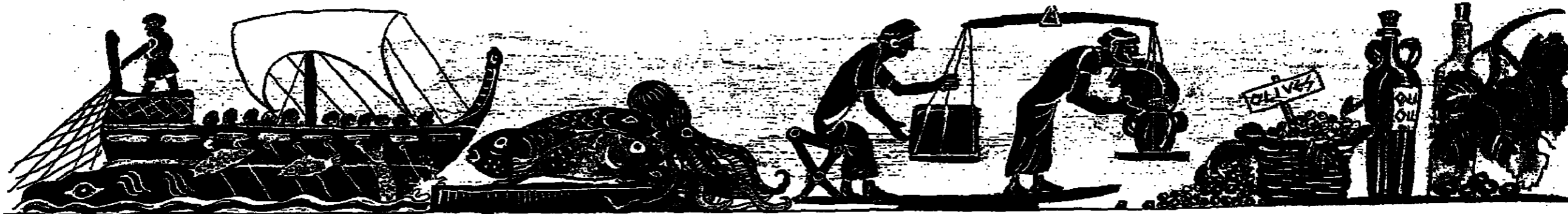
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FOOD AND DRINK



The joys of a noisy meal with friends

Starting a two-page special on Greece, Nicholas Lander finds out what's happening on the London restaurant scene

My theory on Greek food and Greek restaurants is this: while the food served in French, Italian, Chinese and Japanese restaurants is far more exciting, meals eaten in Greek restaurants can linger just as long in the memory. I can still remember my first Greek meal 25 years ago when my hair was wet past my shoulders and a holiday on the island of Mikonos, in the Aegean, seemed light years from my home town of Manchester.

Like many Britons, I began cautiously with *taramasalata*, *mousaka* and *baklava* before venturing on to the many variations of grilled, freshly caught fish, squid and octopus with salads of ripe tomatoes, black olives and *feta* cheese covered in deep green olive oil and then the even more distinctive, salty *haloumi* cheese.

That the same happy gastronomic memories have lingered with so many others explains the longevity of many of London's Greek restaurants. For more than two decades anyone keen to remind themselves of a wonderful Greek holiday could happily spend an evening at Anemos, WCs, Costa's Grill, W8, one of the two branches of Kalamaras, W2, Greek Valley, NW6, or Daphne, Nontas and Lemonia, NW1. These restaurants are consistent if not thrilling. One reason for this state of affairs, explained Dimitri Dimitriou, a wine importer, is that Greek restaurateurs have operated in the UK as they tend to do in Greece, seeing their restaurants principally as an extension of the home rather than as a business. "It's not so much a way of mak-

ing money," Dimitriou said, "as a way of providing jobs for the extended family and a focal point for friends."

But this attitude may be changing - if recent meals at Café O, in Chelsea, south-west London, which opened a year ago, are a reliable barometer - as is Dimitriou's attitude to his native country's wines. He said: "I haven't sold Greek wines before but at the recent London Wine Trade Fair there were some exceptional Greek wines on show, samples of which are on their

Within seconds of sitting down, bowls of black olives, olive oil and warm pitta bread appeared

way to me. "There has recently been a revolution in Greek wine-making and the future looks even more promising. A number of young Greek winemakers are working in France, particularly Burgundy, and when they go back to practise what they have learnt in Greece you will notice an even greater improvement."

My first meal at Café O could not have been more enjoyable. The sky was blue and there were tables on the footpath and the traffic was fairly calm. Within seconds of sitting down, bowls of black olives,

olive oil and warm pitta bread appeared.

The menu offered two courses for £3.50 and three for £10. In nostalgic mood, I ordered the four-colour traditional Greek dips which looked enticing in the sunshine: *taramasalata* and *tsatziki* sat side by side with a mixed pepper salad and a pulp of roasted aubergine mixed with olive oil.

I could have opted for chicken and mushroom risotto or stuffed zucchini and herb rice but instead I chose *soutzoukakia*, light minced lamb balls with cumin (for which Rena Salaman gives a recipe on the opposite page). I asked for a glass of a distinctive Greek white wine (14 wines are offered by the glass) and was brought an unopened bottle of Mantinia Spiropoulos 1993, made from Moschofilero grapes grown in Peloponnesos.

When the manageress recognised my pleasure in the wine she returned with details of a wine and food dinner which Café O was hosting the following week. I happily booked the last table.

Unlike so many Greek restaurants, Café O's interior is bright and modern. Walls are deep blue and white, redolent of a Greek summer holiday, and a case displays colourful Greek objects. Nothing, however, as in so many modern designs, softens the noise level.

But then that is an Anglo-Saxon concern. Greeks enjoy restaurants not just for the food but for the pleasure of being with and talking to friends. The Greek food and drink evening was to be no exception.

As Maggie McNie, the Greek Wine Bureau's master of wine, rose throughout the evening to explain the 10 wines that were being served



Marina Fokidu, manageress of Café O in Chelsea: unlike so many Greek restaurants, Café O's interior is bright and modern

with the four courses, the chattering and cigar smoke circled the room and although the front door stayed open only a cold wind signified that this was London not Athens. The food was well-intentioned but

lacking in finesse. However, the first course, large field mushrooms grilled and topped with diced prawns, calamari smothered in olive oil, was excellent and a dish I will copy at home. It was followed by slowly braised

lamb with lashings of thyme. Each course was served with highly pleasurable Greek wines most of which were new to me. In true Greek fashion, plenty of time was taken over the meal to appreciate the food with friends.

■ Café O, 163 Draycott Avenue, London SW3 3AJ. Tel: 0171-584 5350. Dinner à la carte around £30 a person.
■ Greek Wine Bureau, 268A Fulham Road, London, SW10 9EL. Tel: 0171-823 3799, fax 0171-351 9678.

Panayis Manuelides, 35, known to one and all as Panos, was concentrating on the traffic at Hyde Park Corner, London, on his way between the food counters of Selfridges and Harvey Nichols, his two smartest customers.

His thoughts were, however, on the village of Rovies (population 1,000) on the island of Euboea off the Greek mainland and, in particular, on its 55,000 olive trees.

These, and the villagers who harvest the olive groves every autumn, have during the past five years established Manuelides as the biggest supplier of Greek, green, black, black and stuffed olives and virgin olive oil to the UK.

"What is most important is that parts of Greece are not sold off for development to wealthy individuals, the way Florida has been. Once that happens, the land will be lost forever," Manuelides says. He hopes that the success of the brands he has established, Iliada virgin olive oil for the delicatessens and Karyatis for J. Sainsbury and Waitrose, will continue to protect jobs on the island.

"It's not just the income this supplies for the many women who every September, when the first green olives are ripe, climb the olive trees to knock the olives down and collect them in their aprons before they hit the ground and are damaged. We also pit the olives once they have been cured, and stuff them by hand with peppers or wild oregano. This provides jobs for those in the mountain villages who collect the oregano."

Although Greece's association with olives and olive oil goes back longer than any other country - to 3,000BC in Crete - it is only now that it is beginning to re-establish its identity as a source of premium quality olive oil. As recently as last year, 80 per cent of total Greek olive oil was sold in bulk to Spain and Italy for blending. Manuelides, who sells the oil from a co-operative established in 1935, is conscious of how much rests on his sales

technique. "They phone me every day to see how sales are going. It affects the whole village. This is the first year that the co-operative decided not to sell anything in bulk to its usual Italian buyer," he says. "Slowly they are beginning to realise that the only way forward is to add value, to try to establish our own brand. But it has not been easy. Ninety-eight per cent of my first consignment of olives leaked because of faulty jars. Now I

supply the co-operative with jars from the Czech Republic and lids from the UK." Manuelides is flying to Athens next weekend for a conference organised by the British Hellenic Chamber of Commerce which aims to make Greek olive oil producers aware of the growing British market for quality olive oil. Other exceptional Greek foodstuffs imported by Manuelides, and increasingly

widely available in the UK, are: *gigantes*, enormous butter beans; *barbayanis trahanes*, a soup pasta made from durum wheat and fresh sheep's milk; saffron from the village of Krakos; and *barbayanis hilopites*, a Greek version of egg noodles added to a roast lamb casserole. Manuelides's company, Odysea, is at 2-3 Charterhouse Square, Smithfield, London. Tel: 0171-251 0404 for product details. Nicholas Lander.

■ An extra virgin olive oil which is fruity but not overpowering is more difficult to find than you might think. But I have been using a single estate oil for a few days which suits a simple salad perfectly. Produced by Pavlos Samos and his family in north-western Crete, it is the first of a range of olive oils planned by The Merchant Gourmet, a supplier which sources from small local producers across the world. The oil is available from selected Sainsbury and Tesco stores, Selfridges and some delicatessens at £7.95. It is also available by mail order from the Teesdale Treacherman on 01833-638370. James

Appetisers

Thoughts of island olive groves

The wet winter in Greece this year has produced a bumper vegetable harvest - and a painfully early crop of voracious mosquitoes, as I found out in Crete three weeks ago. But the vegetables were better than ever.

Vegetables are the treat in Greek cooking, as they grow so fast that they have excellent taste and yet do not become woody.

Cooks with imagination love working with them, and rejoice that the vegetable markets in Greece and Cyprus are still relentlessly seasonal and local - unlike the perpetual out-of-season imports in US and UK supermarkets.

In Crete visit the markets in Heraklion and Chania (both ideal for buying herbs in large quantities), and in Cyprus the produce displays in the Paphos market rival the Roman mosaics in the *ourea le voyage* stakes. Grazing Greek-style at a *tzazerna* on lots of small dishes, or *mezedes*, in the centre of the table is the way to taste the vegetables. After years visiting both islands, I prefer the Cretan system in which one orders

specific dishes, giving more control of the amount of food. In Cyprus it is "meze, *parakalo*", and wait and see what comes. Visitors usually take too much of the starters like *taramasalata* or *tsatziki* (or in Cyprus *Greek talatouri* - the cucumber, garlic and yoghurt spread, which the Cypriots improve with a good dash of mint) and feel stuffed by the time of the first meat dishes like *stifado* (beef stew with onions, bay and other herbs, and a squirt of wine vinegar - excellent in winter) or marinated pork *afetia*, which precede the grills.

But it is hard to better in any cuisine wild asparagus cooked with beaten eggs, a Cypriot spring-time delicacy. Fungi are done the same way. There are also plenty of pickled capers in Cyprus - the whole plant, not just the buds which are all that we can buy in jars in western Europe - and fresh coriander in salads or cut up on cold potatoes with a sprinkling of olive oil. I am also devoted to Cypriot *sheftalia*, home-made sausages full of herbs, and enjoy *haloumi* cheese which should have mint in it and - if it is a good one - squeak as you eat it. Cyprus is also the only place where I have eaten boiled loofah, which is not from the sea but from the marrow family. A lovely spring dish in both islands is *enginaras a la polita*, or artichokes Constantinople-fashion, which means a stew of artichokes, new potatoes and dill, and may include broad beans in their pods (the point about things being big but not woody), all in an oily-lemmony sauce. It is heaven. Artichoke-lovers can also eat them raw and rubbed with lemon, as the Greeks do especially in meat-free Lent to go

with their *ouzo* or *raki*. As an aperitif *raki* beats *ouzo* hollow, but it is uncommon to find outside Crete and some Cycladic islands. It is extremely strong, distilled like a *grappa* or *marc* from grape pressings left from the vintage.

End a meal with mizithropites, hot cakes of mizithra cheese in filo pastry dipped in honey

Usually, a few weeks after the vintage, a village still-owner obtains a licence to run his still for 48 hours, night and day. Often the whole village will come to sit around the fire on a cold October night, eat potatoes baked in the ashes and, of course, test the latest brew as it comes hot from the *kazani* (still). *Raki* is strong and has no additives. But if you want to buy a bottle, ask a Cretan to help. You must know the source as *raki* is often diluted or adulterated. Other good vegetable dishes are *kolakithokiftedes* (fried courgette and potato patties), and *horra*, boiled wild spring greens needing some oil and

plenty of lemon juice or wine vinegar. Beetroot (*pazarlia*) gets similar treatment, and is always served with some of the leaves. Good summer salads include *ghyevria* (*gousiara*), a crunchy, slightly peppery plant which enlivens tomatoes and peppers in the post-lettuce time of the year.

In Crete my favourite for this food is Nikos Kapsalakis's Kapsalis taverna at Gournes - a secret I am willing to share with FT readers.

Takes the road to Mires and Phaistos out of Heraklion and after about 5km turn left up a barely marked road, which runs through the Malevisi vineyards that produced the Malmsey wine Clarence was drowned in. It is the first taverna on the left on entering Gournes and in winter has an open fire. Kapsalakis also serves liver and innards in an egg-lemon sauce, cheeses such as creamy *mizithra* in the spring and Crete's own hard cheese - *graviera* (the mature version is known as *kefalotiganiera*). Other specialties include *gouves* or *bulbs* - I have never found out which plant they are from - and cheese-toast (*tyrosommi*). Kapsalis may also offer a large rusk (*dakos*) spread with tomato. Scrambled eggs (*kaimaki*) are an unexpected treat. The meal should end with *mizithropites*, hot cakes of *mizithra* cheese in filo pastry dipped in honey and served with *raki*. Or

choose prepared fresh fruit, again with *raki*. The price will be cheap by western standards. If you are visiting Knossos and it is hot, you might consider driving up the valley, where it is cooler, until a grand 19th century aqueduct stands before you. Turn right immediately before the bridge over the ravine and park by the aqueduct to eat *mezedes* at O Chrelazomenos, which nestles against the aqueduct - reminding one of the trattorie on the Via Appia Antica outside

Rome. Or cross the bridge, and around the bend is another taverna which specialises in rabbit. At lunchtime in a Greek town, I look for a place that produces dishes from the oven like *mousaka* and *gemista*, which means "stuffed things", such as tomatoes, peppers, courgettes and aubergines. All should have been freshly cooked that morning. If the place is full of businessmen and building workers, that is a good sign. *Gemista* with a portion of

feta cheese *me ladi kai rijivoti* (with oil and oregano) makes a good lunch or, in winter, lentils (*lakes*) or bean soup (*fasoulada*). In Heraklion one of these places is Antigonou in Leoforos Knosou near the Ayios Constantinos cemetery. Unexpectedly, it offers *cake* (*kekis*) for pudding. A smarter restaurant in Heraklion with similar traditional food is Kyriakos (taxi will know), and the most chic restaurant in the middle of town is Lucullo. Bon appetit or, as the Greeks say, *kali orexi*.

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Selling olives at a market in Thessaloniki

Eye Unsharp

FOOD AND DRINK



Producers forge a strong identity

Nico Manassis has some up-to-date recommendations and advice for holidaymakers and wine drinkers this summer

New Greek wine-makers are responsible for a multitude of exciting wines that have helped change Greece's wine scene irrevocably, and given it a new dynamic identity.

From the north to the south, including the islands, visitors to Greece can enjoy a diversity of well made wines, some uniquely Greek in character, some more exotic in their taste.

THE NORTH

The industrial north is home to two of the largest wine producers in the country. J. Boutari & Son and Tsantalis, as well as a number of medium-sized and smaller producers.

Travelling east from the main seaport city of Thessaloniki, you can visit Ktima Gervassiliou in Epanomi, Tsantalis at Aghios Pavlos and Domaine Carras at Pleytes Meliton in Halkidiki, Babatzim & Co in Anihalos and Ktima Kosta Lazaridi in Drama. An hour's drive north-west from Thessaloniki is Goumenissa where you can visit J. Boutari

& Son and Aidaris wineries. If heading west, be sure to stop at Naoussa for a visit to the production headquarters of J. Boutari & Son. To the south, in the foothills of Mount Olympus, visit Ktima Katsarou near the village of Krania. For directions and assistance on how to make the most of your visit to this region, and its other wineries, contact Macedonian Wine Routes, Sam-3pm, Mon-Fri, tel: 031-282313.

Recommended wines
1995 Ktima Gervassiliou white and '93 red; 1995 Blanc de blancs white, 1995 Ktima Carras rose by Domaine Carras; Makedonikos white, Aghioritikos white, Rapsani red by Tsantalis; Erodis rose and four different kinds of single varietal tsipouro (grappa) by Babatzim & Co; 1995 Amethystos white and '94 red, 1995 fumé white by Ktima Kosta Lazaridi; 1994 Magiko Vouvo white, 1992 Chateau Lazaridi red by Chateau Lazaridi; 1990 Naoussa Grande Reserve and a large selection of single vineyard and varietal wines by J. Boutari & Son; 1994 Goumenissa red by Aidaris; 1993 Ktima Katsarou red; 1993

Naoussa red by Markovitis Bros.
Thessaloniki, Greece's second largest city and a mecca for food, will impress you with its culinary variety and quality. Best wine bars/restaurants: Panselinos 031-800578, Oimanthi 031-271074, Stain 031-283196, Ta Nisia 031-283391. Best wine shops: Cava Canava 031-544042, Depots de Vins 031-419494, Vizantino Kelari 031-237733. All in the city centre.

ATTICA

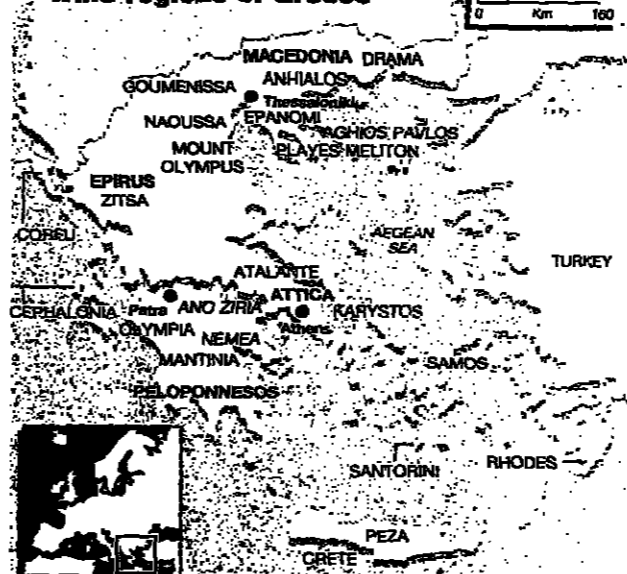
Attica is home to Kourtakis, one of Greece's leading retsina and wine producers, as well as Strofiis Vineyards & Winery in Anavyssos off the seaside road to Soroniko, and Semeli Winery in the sleepy village of Stamata, north-east of Athens, where you can buy older vintages (01-621 8811), Chateau Matsa and many others. Recommended wines: 1995 Kouras white and '96 Kouras red by Kourtakis; 1995 Strofiia white; 1995 Semeli white, rose and 1993 Chateau Semeli red; 1995 Chateau Matsa Vieilles Vignes, 1995 Laoutari

both white by Chateau Matsa. Athens, with all its contrasts, pleasantly surprises, especially in August, when its inhabitants desert the centre en masse. Best wine bars: L'Enoteca 01-613 8651, Oinopatia 01-955 0586. Restaurants with good wine lists and excellent food: Varoulko 01-411 2043, Agrotis 01-983 9063, Spondi 01-726 4021. Best wine shops: Cellier 01-360 7451 (chain of five), Oino-pnevmatia 01-361 2644 in Kolonaki, Cava Vinifera 01-807 7708 in the fashionable residential northern suburb Kifissia.

PELOPONNESOS

Peloponnesos offers the perfect marriage between the ancient and the present. If you arrive by ferry at Patra and drive down to Olympia, birthplaces of the Olympic Games, Ktima Mercouri near Pyrgos is a must (0621-41601). If you are driving towards Athens, a short detour off the Patra-Athens national road, to Oenoforos (0691-29415) in Ano Ziria overlooking the Gulf of

Wine regions of Greece



The wine regions of Greece are planted on some 185,000 hectares. 87,000 hectares of which (47% or 52%) are planted with indigenous varieties. Many are disappearing, although some efforts have been made by forward-looking vintners to protect them.

Corinth, will be rewarded both vinously and visually. Should you choose to travel to southern Peloponnesos, there is plenty to taste, see and enjoy. Try Ktima Papaioannou (0746-23138) in ancient Nemea, near Mycenae and Epidaurus. Skouras Winery (0751-23868) is near Argos and picturesque Nafplio (Greece's first capital after its independence in 1821). Enjoy fresh fish at Likos (0751-47225) or local gastronomic delicacies at Spilla (0751-62300) or shop at Nafplio's best wine shop, Cava Karonis

(0752-24446). Further south, in the heart of Mantinia, visit Ktima Spyropoulou (01-234 5362) and Tselepos Vineyards (01-903 0319) and taste the grapey Moschato wines. Recommended wines: 1995 Folio white, 1994 Ktima Mercouri red by Ktima Mercouri; 1995 Asprouliti, 1995 Ortos Oinos, both white, 1995 Esperitis rose by Oenoforos, 1993 Ktima Papaioannou red by Ktima Papaioannou; Cambello white, rose, red, 1993 Aghiorghitiko Nemea red by Skouras Winery, 1995 Orino,

1995 Ktima Spyropoulou both white by Ktima Spyropoulou, 1995 Mantinia white, 1992 Ktima Tselepos red by Tselepos Vineyards Adoli Ghis, 1995 Antonopoulos both white, 1994 Idiotiki Sylogi red by Antonopoulos Vineyards.

OTHER REGIONS

Recommended wines: From Zitsa, Epirus 1995 Still dry, Zitsa sparkling medium dry both white by Zitsa Coop. From Atalante, Fihiotida 1995 Ampelion white by Ktima Hatzichali. From Karystos, Evia Myrtilos white, 1981 Ktima Montofoli dessert by Pavlos Karakostas.

THE ISLANDS

In the Cyclades, the volcanic island of Santorini (a 45-minute flight from Athens) will capture your imagination. Guided tours to J. Boutari & Son winery (0286-81011) will enlighten you about the history of the island and its wine fortunes.

Dine at Domata (0286-32089), the restaurant of highly regarded Santorini chef Karalomengos. Best restaurants on cosmopolitan Mykonos are Catrine's (0289-32189) and El Greco (0289-22074). The island's best wine shop is Satyros (0289-25138).

Recommended wines

1995 Santorini, 1994 Kallisti fumé both white, 1991 Visanto dessert by J. Boutari & Son; 1995 Thalassitis white by Gea; 1995 Ktima Argyrou Santorini white and the exceptional 1978 Visanto Ktima Argyrou dessert by Canava Argyrou; 1995 Santorini Oia, 1994 Santorini Oia cask-aged,

both white by Sigalas. Recommended wines from Rhodes: Villare white and Grand Rose by Emery. Recommended wines from Samos: Samos Grand Cru, Samos Anthemis, Samos Nectar all white by Samos Coop. Recommended wines from Crete: 1995 Vin de Crete, white, rose and red by Kourakis; 1995 Minoikos Peza white and red by Minoikos Cretan Wines.

Recommended wines from Cephalonia: 1994 Gentilini, 1993 Gentilini fumé both white by Nicholas S. Cosmetatos. Corfu: The island's best locally made wine is Halikouna by S. Livadiotis. The island's "in" place is the Pelekas Country Club (0661-52239). Best wine shop on the island, in the old town, Thimios Wine Cellars and Cava Nostos. Most of the wines mentioned in this article can be found throughout Greece.

Nico Manassis, who lives in Geneva, is the author of *The Greek Wine Guide* published by Olive Press. Fax no: +1 25 759 0186 or in the US 1-800-Cosmos-2.

The following winners are represented in the UK: Boutari by Waverley; Vintners 01739-629621; Domaine Carras by Percy Fox & Co 0171-208 2500; Nicholas S Cosmetatos by Maraganos & Co 0171-267 3372; Kourakis by Kourakis Wines 01734-712629; Ktima Mercouri by Berkman Wine Cellars 0171-609 4711; Tsantalis by Venus 0181-801 0011.

Family food with an ancient history

Rena Salaman recalls some of the Greek dishes she enjoyed as a child

"Taking the Cyclops's sheep, we divided them so that I saw no one went cheated of a fair share; but to me alone, my well-served comrades gave an extra ram. Offering this on the beach to Zeus... I burnt the thighs... Thus then all day till sunset we sat feasting on plenty of meat and sweet wine."

So Odysseus recounts his troubled journey to Alcinoos, King of the Phaeacians. We can see in this story - and many others like it in *The Odyssey* - how the precursors of modern Greek food had a reputation for cooking meat. Meat is the heroic food in most cultures - food for exhausted warriors and food which Homer, with a little poetic licence, feels right for his dramatic epic.

Think of the ghoulish details of the Cyclops tearing apart Odysseus's men, two at a time: "limb by limb he tore them to pieces... which he devoured like a mountain lion, never pausing till entrails and flesh, marrow and bones, were all consumed..."

The reality, of course, is different. Normal everyday fare for Greeks is seasonal and based primarily on vegetables, (as Gerald Caogan's article on the opposite page shows). There is a bewildering variety of greens, pulses, olive oil, olives and bread. Every neighbourhood has a lively street market at least once a week.

When we lived in Greece we did have meat, but on Sundays. And even then it was often minced in dishes such as *soutzoukaka* (minced-meat



An Athens fish restaurant owner displays his wares: fish has been an important feature of Greek life since ancient times

Terry Kirk

rissoles in tomato sauce) or *gemista*, the colourful stuffed assembly of vegetables which was paraded early in the morning to the local baker to be cooked after the bread came out. Traditionally, Greeks ate grilled or roasted meat when they went for a celebration. Meat on those rare occasions constituted a status symbol. The more you ordered, the more impressed the audience.

I remember as a child in the early 1950s, going hand in hand with my parents to Dorou Street in Athens, near Omnia Square. The street resembled a sacrificial temple as it was lined with restaurants totally devoted to grilling and roasting whole lambs, sucking pigs and delicacies such as *kokoretsi* and *gardoumista* - both made with lamb offal and grilled slowly on rotating spits. This always reminded me of

the scene where Odysseus's men slaughter the sun god's sacred cattle: "When the thighs were burnt up and they had tasted the inner parts [was this *kokoretsi*?], they carved the rest into small pieces and spitted them on skewers." Just walking down the street through the roasting clouds, watching the glossy contours of the various meats sizzling, and inhaling their aromas which provoked a wonderful

sensual feeling. I would savour every morsel of *kokoretsi*, slowly turning it in my mouth, trying to prolong the taste. Afterwards, I would lick my fingers while my parents finished their glasses of beer. Both Odysseus and Homer would have approved. At home it was a different story. Back to the *fassoulada* - bean or lentil soup served with appetising rings of crispy fried squid or anchovies (*gavros*), or

lavishness, labour and imagination. It is also a cuisine at least 2,000 years old and some dishes, such as *dolmades* (stuffed vine leaves), can be traced back to classical times. Called *thria* in 8th century BC Athens, these were originally stuffed young fig leaves. Aristophanes's *Knights*, *Frogs* and *Acharnians* all mention *thria* with three different kinds of stuffing. They are delectable made in early summer with young vine leaves and a generous amount of olive oil.

Greece is a small country but fortunate in its primary ingredients. Surrounded by sea, it has an enormous variety of fish and seafood as well as an abundant supply of vegetables and fruit. There are also some excel-

lent wines. Some of my favourites are Hatzimichalis's white and rose, the light and fruity white *Wiskeri* made with Assyrtika grapes by Roussos from the island of Santorini, and the red *Katogi* from Metsovo. But the most important ingredient, and the one that gives Greek food its character, is olive oil. It is also now known to be beneficial to health. Greek olive oil from the Peloponnesos, Lesbos, Crete or Corfu is particularly delicious and among the best in the Mediterranean. A simple tomato salad comes to life once I have dressed it with my favourite extra virgin olive oil from Mani in Peloponnesos.

This is the nature of real Greek food. Rena Salaman is the author of *Greek Food* (HarperCollins, £20) and a number of articles and books on the country's cuisine. Her latest book, *Healthy Mediterranean Cooking*, will be published by Francis Lincoln (£20) in October.

If there is one thing I love above all others in Greek cooking it is *avgolemono*, that magical combination of egg and lemon that can range from egg rich with a zesty edge to it, through smooth and creamy yet refreshing, to sharply acid, depending on the ratio of egg to lemon used, writes Philippa Daveport.

The consistency can vary as much as the taste, from almost as thin as a broth, to a delicate coating sauce. What is more, *avgolemono* works equally well served hot or cold. How is that for versatility?

My first *avgolemono* was served to sauce an exquisite dish of broad beans.

The sauce was based on the intensely beany-flavoured cooking liquor, lightly salted and infused with strips of dill to add an extra dimension. It was finished by beating in the egg and lemon liaison and re-warmed carefully until gently thickened. Served with the beans on a bed of steamed rice and scattered with chopped green dill, it taught me that low-fat, meatless meals

can occasionally prove a real treat. I have never eaten fish with an *avgolemono* sauce, but a thin *avgolemono* soup made with rich fish stock is excellent (and especially refreshing served chilled on a hot evening). Best loved of all is chicken *avgolemono* soup, a dish that endears itself to cooks all over the world, not least because it can be made with minimum effort the day after serving poached chicken, to use up the fragrant broth and scraps of meat from the carcass.

My anglicised version is more substantial than most. I find it soothing served for lunch, either hot or tepid when summer plays fair.

CHICKEN AVGOLEMONO SOUP WITH COS LETTUCE (serves four)
1 litre rich chicken stock; 150g cooked, boned and

skinned chicken meat, cut or torn into quills; 50g shredded cos lettuce; 30g basmati rice; a small bunch of dill, chopped; two lemons; two eggs. Wash the rice under a cold running tap until the water runs clear. Bring the stock to the boil, stir in the rice and boil for three to four minutes. Then cover the pan and simmer very gently for two to three minutes more or until the rice is almost done to your liking.

While the rice cooks, beat the eggs in a cup with three tablespoons of lemon juice. Strain through a fine sieve to extract the gelatinous threads from the whites, and season lightly with salt and pepper. Add the chicken meat, cos and a green shower of chopped dill to the soup pan. Bring the contents quickly to a rolling boil and immediately draw the pan away from the heat.

Add a few spoonfuls of the hot broth to the egg and lemon mixture, stirring vigorously as you add them. Then pour the egg and lemon mixture into the soup pan, stirring all the while.

Return the pan to a very low heat and continue stirring for, say, two minutes until the soup is delicately thickened.

Finally, cover the pan and set it to one side for three to four minutes before seasoning with extra salt, pepper, lemon and/or dill to taste.

My grandmother could have fed Xenophon's army of 10,000. It is a practical dish as it can be cooked in advance and reheated as needed. They are absolutely delicious.

SOUTZOUKAKIA (serves six)
750g minced lamb; 2-3 breads, medium slices of crust, soaked in water for 10 minutes; 1 egg; 3 cloves of garlic, peeled and crushed; 1tbs ground cumin; salt and freshly ground black pepper; 4 tbs plain flour for coating; 3 tbs sunflower oil for frying. The sauce: 3 tbs olive oil; 400g tin of chopped tomatoes; 1 tbs tomato purée diluted in 150ml hot water; 1 teaspoon of dried oregano; 10-12 green olives (optional). Squeeze the bread dry and place it with all the ingredients apart from flour and sunflower oil, in a large bowl. Mix them - and there is nothing

more efficient than your fingers - until well blended and silky. Take a small handful, the size of a large walnut, shape it into a short and slim sausage-shape and set aside. Continue until all the mixture has been finished. Roll them lightly in flour and shake to get rid of any excess.

Heat the vegetable oil gently in a large non-stick frying pan and fry them, turning them round as they become golden. Lift them out with a fork once brown all round and discard the oil. Their aroma is very seductive at this stage and, of course, they can be eaten hot and then. But you can make a larger meal if you then cook them in the tomato sauce.

Heat the olive oil in a sauté pan or wide-based saucepan, add the tomatoes and stir with a wooden spatula for a few minutes. Add the remaining ingredients and the *soutzoukaka*. Roll them to coat in the sauce, cover and cook gently for 30-40 minutes, occasionally shaking the pan gently. These can be served with mashed potatoes, plain boiled rice, French fries or pasta.

If Chardonnay is all you make, you get it right. Or else.

James Herrick
CHARDONNAY

James Herrick
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BOOKS

Naughty Lola, monster of pretension

She was a spectacularly tiresome woman whose life was lit by the blaze of notoriety, shudders Clement Crisp

In her Berlin days, Marlene Dietrich sang "They call me naughty Lola", but whatever that Lola's naughtiness, they are the merest, lightest of sins when compared with the activities of Lola Montez, all of which are revealed, and for the first time, in Bruce Seymour's biography.

Lola Montez was a spectacularly tiresome woman, a monster of pretension, lies, rampant sexuality and hubbub. She was none of the things she said she was - Spanish; a dancer; an aristocrat - and she trailed behind her a ghastly reputation and a comprehensive selection of disasters, from a duelling death to Bavarian revolution, by way of bigamy, bawling in three continents, horse-whips, and chronic improvidence.

For the late romantic era - her dates are 1820-1881 - she represented an unashamed,

flamboyant sexual independence, lit by the bright blaze of notoriety. She was born - illegitimate - Eliza Gilbert, in Limerick, became Lola Montez as an escape from impending and scandalous divorce, was created Countess of Landfeldt by King Ludwig of Bavaria (deaf, in his sixties, and besotted), and died in an unlikely cloud of sanctity, in New York.

Her story has been told many times, always inaccurately, not least by Lola Montez herself, whose concern for truth was about as considerable as her concern for her victims. She echoes down the years as the arch-adventress of the 19th century, and her highly dubious charms - what she lacked in beauty she made up for in push and blaring temperament, and what seems an irresistible will - were merchandised by herself, by hapless admirers and by unscrupulous managers, with maximum

publicity and minimum veracity.

Bruce Seymour, an American, became fascinated by Lola's story. It seems somehow appropriate that his success in a television quiz-show should have brought him a cash prize so considerable that he was able to devote four years to the sort of scrupulous research into the baggage's life and loves which had never before been undertaken. The Bavarian State Archives revealed a mass of unknown correspondence and reports which made plain Lola's disgraceful role in bringing about the abdication of King Ludwig (whom she duped every hour on the hour). Newspaper records in Austria and California, and elsewhere, have been painstakingly culled to make clear much about her ludicrous theatrical ventures. (She started out as the least convincing of Spanish dancers, and then

became an actress, appearing not only in what must have been the most opportunistic of dramas, *Lola Montez in Bavaria*, but also setting the groundings in a roar as Lady Teazle - a performance it might well have been worth watching.)

LOLA MONTEZ: A LIFE
by Bruce Seymour
Yale University Press £20, 468 pages

Seymour has, splendidly, found all the facts, which are probably more than we need to know, since the story repeats itself from lover to lover, city to city, brawl to brawl, flight to wild flight. And there they are, the lovers, victims, enemies ("Judas") seems to have been her dismissive term for anyone not immediately her slave) and pretenders to her hand in marriage. They range from Liszt

(on to whom she latched with remarkable skill) and King Ludwig, to the wealthy young Mr Heald whom she "married", to the tragic Dujarier, whose body she received when he had been shot in a duel, and Frank Folland, her leading man and lover, who fell overboard on the way back from her Australian tour as an actress.

She lived surrounded by scoundrels, fools, and men galleyed by her viracity and her lively tongue. That she had some ferocious allure is plain, but the picture we gain is of a woman wholly detestable and, ultimately, wholly unsympathetic. Few facts in Seymour's narrative indicate any redeeming quality - I do not count her love of animals as anything but an added horror - and the strongest impression is of a seriously psychotic personality. (The late photographs, taken in New York, show no vestige of beauty, but an oddity

disturbed presence can be sensed.)

Truth was her truth. Adulation was her food, and she demonstrated the awful arrogance of an arriviste who has, temporarily, arrived. Whether raging like a terrier at her lovers, screaming at an audience of unappreciative miners - "Give me your trousers and take my skirts, you're not fit to be called men!" - or lecturing to American audiences on "Secrets of a Lady's Toilet", she remains a monument of sham.

Seymour admits that he may be thought Lola Montez' final victim, so great a labour of devotion was the book, but the final justification of this biography is that it is, please Heaven, the last word on the creature. The inaccurate inscription on her New York grave is eroded by time, but Seymour's work is the true memorial to her life.



Lola Montez: her highly dubious charms were merchandised by herself with maximum publicity and minimum veracity

A liberal scholar before his time

Malcolm Rutherford admires a life of the poet Matthew Arnold

Matthew Arnold was the model of a liberal English intellectual: poet, scholar, Europhile and with a social conscience to boot. He thought that one of the failings of the English was a lack of intelligence: an inability to realise that other Europeans did some things better.

There was another side to him. At Oxford he was a bit of a dandy, generally known as Matt. He played games, rode to hounds, wine and dined and did less than the minimum four hours work a day expected of him by his friend and fellow poet, Arthur Hugh Clough.

Matthew's father, Tom, must have been embarrassed by such reports. For it was Tom Arnold who, at Rugby, founded the tradition of the English public school: hard work and fear of God. Although he attended Rugby and briefly taught there, Matthew sent his own sons elsewhere. He preferred a more relaxed approach, but was perhaps just as much an influence on English education as his father.

Matthew spent almost his entire working life as an inspector of state schools, which involved making comparisons between education in England and on the continent.

Nicholas Murray's biography, the first for many a year, contains some new information. For example, I had not previously realised that parts of *Dover Beach*, still one of the best known poems in the English language, were written by Arnold while on honeymoon - in Dover.

There is fresh light, too, on another poet with whom the Arnold family used to play whist. He was William Wordsworth, not usually thought of as a card player.

Apart from living under the shadow of a famous father, however, it emerges very clearly from this book that Matthew's main problem was that he never had quite enough money to live the life that he might have liked. He reacted

not by doing anything rash, but by taking a job and sticking to it. Without the promise of a steady income, he was told by his future father-in-law, he could not possibly expect to marry the daughter of a judge.

As an inspector of schools around the country, he was greatly respected. Staff and pupils looked forward to his visits, though his proposal that state schools should be funded according to their performance was ahead of its time - more for the 1990s than the 1860s.

In his life time he was regarded as one of the great poets of the Victorian age - perhaps second only to Tenny-

A LIFE OF MATTHEW ARNOLD
by Nicholas Murray
Hodder & Stoughton £20, 400 pages

son, whom Arnold always disparaged. Yet gradually he gave up poetry for prose: mainly social and literary criticism.

It was a great pity, as Murray observes, that he always turned down invitations to write a book on Shakespeare. His insights would have been at least as penetrating as anyone else's. Just possibly he felt a little humble, as well as too busy.

Arnold's most famous book was, and remains, *Culture and Anarchy*, in which he divides society into Barbarians, Philistines and the Populace. The Barbarians were the aristocrats who could be good, bad or indifferent, but were important because they could set standards. The Philistines were the middle classes, who were on the whole anti-culture and opposed to an open liberal view of what happened around them. The Populace were the rest.

If that sounds elitist, read the book again to see the underlying humanity. Murray notes that the Labour MP, Roy Hattersley, has said recently that three people who helped to define his view of socialism. Matthew Arnold was one of them. The others were R.H. Tawney and Anthony Crosland: a surprising but under-



standable triumvirate. Arnold was particularly critical of the philistinism of his day, notably *The Times* and the *Daily Telegraph*. Yet one cannot help thinking that he would have been a brilliant editor.

It was Disraeli who said of him that he was the "only living Englishman who had become a classic in his own

time". What Disraeli meant was Arnold's talent for coining phrases like "sweetness and light" - the best that has been thought and said" or indeed some of the lines from *Dover Beach*.

Murray's book is straight and detached to the point of being at times slightly pedestrian but it is still a very good biography of a great man.

after inspecting schools in the East End.

One of the satirists of the time wrote that Arnold's real message was: "We the cultured - we indeed see. But the world at large does not".

Murray's book is straight and detached to the point of being at times slightly pedestrian but it is still a very good biography of a great man.

A quiet place to know something

Bill Readings, a 34-year-old lecturer at Montreal University, died in a plane crash two years ago. He was then making the final revisions to this book - which, amongst other things, ironically deplores academics who become part of the "frequent fliers" set.

The ruin of a young man's life places poignancy upon his solitude for the ruin of an institution. His posthumous message, as far as it can be distilled, is that universities have collapsed with respect to their original ideals.

Once bastions of culture, they have surrendered to the siege of accountants, managers, and time-and-motion analysts, to become soulless players in the global economy. Students check out these players using league tables, searching for a place that will guarantee them three or four years of solid self-accreditation. Vice-chancellors act like corporate bosses, hiring, firing, down-sizing and head-hunting. "Excellence" is both buzz-word and criterion for success: actually, it is as mysterious to most university participants as the meaning of the Latin tag on their letterheads.

According to the analysis here, most modern universities were founded along the lines of the German model as instituted at Berlin by Humboldt in the early 19th century. This enshrined the ideal of indirect national utility in higher education. Universities were places where citizens could be trained to think. State investment could be justified on the grounds that these institutions acted as cultural centres of gravity for a nation. But what

happens when the global economy dictates beyond national interest? And what happens when the received canons of "culture" in this or that country are no longer canonical?

"From the ivory tower the watchword is silence": in 1988 students clashed against capitalism, and now most universities run courses in management studies. The image of craven quietism and picturesque decay presented here will attract sympathy from academics afflicted by current professional pains. Derisive nay; intolerable demands to teach, research, and administrate all at the same time; stu-

THE UNIVERSITY IN RUINS
by Bill Readings
Harvard University Press £18.95, 238 pages

dents who cannot be failed, for fear of litigation.

But these, though current, are by no means new afflictions. The phrase used in this book to describe the modern nature of the university, "techno-bureaucratic", is very close to the phrase "technologico-Benthamite", used by F.R. Leavis to castigate the Robbins Report and the expansion of British universities during the 1960s. Leavis professed English literature; Readings taught comparative literature; they may both be seen as simply fighting their own corners here. The truth is that it is those dons who despise science and technology who are really betraying the original ideals of the university (which belong with Plato and Aristotle, not Humboldt).

As the author points out, a

founding feature of the university is that it hosts critique: the university can hardly be "in ruins" while he (and many others) are debating these issues. His own contribution, however, is too rambling to convince. In the case of a book where the author has not seen final proofs, one must refrain from harping about minor solecisms. But there is no excuse for impenetrable language - "Performativity", "deferentialization", and so on - these scholastic neologisms contribute to a fog of theorising which is not so much an analysis of what is wrong with modern academia as a symptom of it. (For a more elegant exposition of the same issues, see David Damrosch's *We Scholars*, also published by Harvard.)

"There will be no more Lionel Trilling's", predicts Readings, with more satisfaction than gloom, since he believes that intellectual celebrities bring harm rather than benefit to the scholarly community. But it was Trilling who yearned for a "quiet place... where one would know something - in what year the Parthenon was begun, how Linear B was deciphered: almost anything that has nothing to do with the talkative and attitudinising present".

The notion of a liberal education is fragile, but it has always been fragile, a delicate luxury. In lecture-rooms and laboratories around the world, Trilling's quiet places are still afforded by the institution of the university. Far from being ruined, this institution is stronger today than it has ever been in its entire history.

Nigel Spivey

The ambiguous nature of twinship

Splitting down and doubling up are among the most pervasive of forces. People and animals would never have evolved without cell division and multiplication. The binary arithmetic of computers increasingly governs modern life.

Penelope Farmer's book is about twins. Moved by her twin sister's death, she has assembled a collection of writings by 260 authors, from William Shakespeare to Eric Cantona, about the nature of twinship, linked up by her own narrative. The result is an absorbing, and only occasionally self-indulgent, examination of doubles which explores the ambiguities of the subject as much as the certainties.

The birth of twins has always been regarded as strange. Some ancient peoples, in a practice that unhappily still happens in some parts of the world, insisted the process was the work of the devil and put one or both infants to death. In life, twins often provoke not just curiosity but fear. When the gangster Kray twins were ruling the East End underworld, observers commented on their telepathy and uncanny similarity "which produced an effect that was literally

ally double that of a normal individual".

The oddness of twins introduces a number of difficulties, both for them and for people dealing with them. According to one contributor, twins "unleash a flood of associations, each of which triggers its converse. [They] introduce a vertigo of the self: they are indisputably two, inescapably

TWO
by Penelope Farmer
Virago £20, 482 pages

one, both and neither at once". Farmer skilfully includes discussion on the innate divisions within people generally, an area that takes us into psychoanalysis. Carl Jung talks of "meeting one's own shadow", a journey "full of unprecedented uncertainty with apparently no inside and no outside, no above and no below, no mine and no thine, no good and no bad".

Shadows, and darkness, cast their pall over this book, which convey the sense of introspec-

tion and loss which Farmer must have felt when writing it. There is a section about "separation and death", and hatred between twins, and the book is peppered about freak twins through the ages.

One turns for relief to the section on the "useful" aspects. This turns out to be about ways the Nazis used twins in genetic experiments; it contains cheery information about twins' susceptibility to tuberculosis and diabetes. About the best anyone has to say about twins generally is that they are a natural experiment which "permits us to distinguish between the influences of heredity and environment".

The book is not a jolly read. However, the insights make it worthwhile. Farmer's central thesis is that twinship is in us all: sadness easily turns to joy, hate to love. As another contributor puts it, "each demon is countered by an angel". Paradox is everywhere; understanding it makes life worth living.

Peter Marsh

Fiction/Michael Thompson-Noel Story out of focus

There are two things "wrong" with Jay McInerney's new novel. Though neither is fatal, they are sufficiently in evidence for *The Last of the Savages* to be seen as a fall from grace for the still youngish and hitherto fashionable New York novelist whose previous works - especially *Bright Lights, Big City* and *Story of My Life* - were invariably described as hip, chic, humorous and sophisticated.

First, McInerney's new novel is not primarily set in New York or in any similar trendy urban environment. In this abandoning his roots, McInerney has gambled, and few will be convinced of the merits of the outcome.

Second, because of over-ambitiousness, *The Last of the Savages* is strangely ungratifying for someone of McInerney's skills and resourcefulness.

It tells of the friendship of Will Savage, from an affluent Mississippi delta family, and Patrick Keane, a self-effacing Irish-Catholic from a dreary New England mill town, who are first thrown together as juniors at prep school in 1877 and who stay in touch, often from long distance, as their careers and lives diverge. But it is not really a buddy novel.

Will is heavily into soul music - "the purist art this damn country has produced, man... like the distilled essence of suffering and the yearning to be free", as he tells Patrick within minutes of first meeting him. In time, Will

becomes a music promoter and an underground legend, but the novel is only episodically about the American music business.

Will marries a beautiful

THE LAST OF THE SAVAGES
by Jay McInerney
Bloomsbury £14.99, 271 pages

black singer, Tatesha, whom McInerney describes, early on, with unusual laziness, as "a striking creature, tall and lithe and feline".

But, extremely disappointingly, *The Last of the Savages*

is not a story about inter-racial love and sexual attraction, even though such a subject, which is largely neglected in comparison with inter-racial hate and conflict, would have been challenging and compulsive.

As time wears on it is Patrick, as narrator, who moves to centre stage and takes over the novel. There is nothing wrong with that, except that it happens too slowly, almost by accident, and Patrick's obvious bisexuality, which ought to have been central to his friendship with Will, is handled too reticently to be of much service.

Finally, the writing is some-

times prey to cliché and turgor. A woman who picks Patrick up in a bar has a "shock of vivid red hair" and her eyes are "animated with a quick and predatory curiosity". An old slave-farm diary that falls into Patrick's hands at Yale represents "a remarkable slice of history". At one point, extracts from this diary seem in danger of taking over the novel, but the danger recedes, as do so many things in *The Last of the Savages*.

It is certainly not a bad novel. McInerney handles dialogue almost as well as Truman Capote, which is saying a lot. And his humour has not gone away.

All it really lacks is shape and focus. You would see the same result if an Olympic-class rifleman set out for Atlanta with only a shotgun. The score would be low, the gallery unimpressed. But he would still be a rifleman.

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BOOKS

Vengeful queen of the dacoits

Joan Smith on the uneasy story of India's most celebrated outlaw

The autobiography of Phoolan Devi, the girl from Uttar Pradesh who became the leader of a band of dacoits, opens with a scene from her marriage. Phoolan has been locked in a cowshed by her new father-in-law, after threatening to run away. She is 11-years-old and unable to understand the nature of the "game" which her husband, a widower three times her age, is offering to teach her.

The problem with this opening is that it depends for its effect, like certain forms of pornography, on a combination of the child's soon-to-be-shattered ignorance and the readers' adult realisation of what the "game" will turn out to be. If this is Phoolan Devi's own story, told to counter the lurid myths that have grown up about her, why begin with a vignette whose themes are violated innocence and the threat of sexual violence?

The answer is that this is not an autobiography in the usual sense; Phoolan Devi is illiterate and the book has been put together by two writers, Marie-Thérèse Cuny and Paul Rambali, using a 2,000-page transcript of Phoolan Devi's tape-recorded account of her own life.

The events they describe are a dramatic and frequently sickening account of how a low-caste girl was married off by her poverty-stricken parents, who were unable to protect her when her husband broke his promise not to impose a sexual relationship on her until she reached maturity.

Shunned in her native village when she finally ran away from him, Phoolan Devi found herself treated as something less than a prostitute; constantly vulnerable to ambush by men who had heard that

she was sexually available to all, she was eventually kidnapped by a gang of dacoits and entered a second "marriage" with one of its leaders, Vickram Mallah.

This bizarre turn of events was quickly followed by another disaster. Vickram Mallah was murdered by a rival bandit chief, his one-time mentor, and without Mallah's protection Phoolan Devi was gang-raped by his rival's henchmen. After this terrible experience,

I. PHOOLAN DEVI: THE AUTOBIOGRAPHY OF INDIA'S BANDIT QUEEN

Phoolan Devi with Marie-Thérèse Cuny and Paul Rambali

Little, Brown £18.99, 472 pages

once again displaying the resilience which is obviously a cornerstone of her character, she formed her own gang of dacoits and went on a three-year rampage which turned her into India's most celebrated outlaw.

Finally, with her gang dwindling in numbers and continual harassment from the police, Phoolan Devi negotiated her surrender with the Indian authorities. Although she was never tried for her activities as a dacoit, she remained in prison for 11 years, emerging to find herself the focus of intense interest from journalists and production companies, one of whom made a film - which Phoolan Devi reputedly did not like - based on her experiences.

This book is intended to put the record straight and comes with Phoolan Devi's endorsement: "Too many lies have been told about my life. I cannot read or write, so others have chosen to do so for me. This book is made up of my



Phoolan Devi: her remarkable story would have been better served by a scrupulous biographer

words - my truth about myself". It is a testament, she believes, of courage and of hope, especially for other low-caste women. "I was born an underdog", she says "but I became a queen".

This quote alone is sufficient to illustrate the problem with the book, which is that it gradually turns into another species of myth-making. The early chapters, in which Phoolan Devi describes growing up among people constantly open to exploitation by their richer and more powerful neighbours, are vivid and gripping. They are also infused with a surprising degree of political and even feminist consciousness: "I was

discovering piece by painful piece how my world was put together: the power of men, the power of privileged castes, the power of might. I didn't think of what I was doing as rebellion; it was the only means I had of getting justice."

Later, when her career as a dacoit was at its height, Phoolan Devi describes how she put this philosophy into practice. Ramming into villages with her armed followers, she hunted down men against whom she had a grudge - or total strangers, who were alleged to have committed rape - and battered their genitals with the butt of her rifle: "I laughed to see them leap like

castrated horses and fall at my feet and cry like women, begging and pleading for mercy".

Elsewhere, she boasts of cutting off hands and feet. "It was my vengeance", she insists, "and the vengeance of all women". This makes uncomfortable reading and it also raises the question of objectivity. How much of this highly coloured account is true, how much a revenge fantasy? It is impossible to know because I,

Phoolan Devi is, in the end, not so much genuine autobiography as an uneasy compromise. Her cause, and her remarkable story, would have been better served by a sympathetic but scrupulous biographer.

Rereadings/Don Cupitt

Matters eternal

In 1978 my life was changed by an experimental rereading of Kierkegaard's *Purity of Heart*, but whether the change was a significant advance or a disastrous fall I don't know, and you must judge.

During the years of his most intense productivity in the 1840s, Kierkegaard, in addition to his steady stream of "aesthetic" works written under various pseudonyms, also wrote some 20 "edifying discourses" under his own name. These are unpreached sermons addressed to "the solitary individual" who is advised to read them slowly aloud to himself. The texts are designed to prompt the reader into becoming an individual self before God.

Purity of Heart, an exercise in Lenten self-examination, was published in 1847. The date indicates why Kierkegaard remains so very important to someone like me. He was the last traditional western Christian thinker and writer of the very highest rank, and he was also a member of the first modern generation, the first generation of people who could read at their breakfast table a newspaper printed the previous evening on a steam press in the capital city, and distributed around the kingdom by steam train during the night. The 1840s was the decade of the masses and of revolutionary atheistic humanism, and Kierkegaard is setting out to oppose it by holding out for the unconditional primacy of individual selfhood before God.

After the second world war Kierkegaard's concerns suddenly seemed relevant, even in the English-speaking world. Translations appeared, and were widely read. My American paperback of *Purity of Heart is to Will One Thing* is dated 1966, and I well remember reading it as a devotional work in my student days.

Like everyone else at that time, I took Kierkegaard to be an orthodox western Christian - the last and the best, the one from whom there was most to be learnt.

Twenty years later, however,

the situation had become very different. The fully-developed media society had arrived. The old metaphysics of God and the old religious selfhood had suddenly faded. At the end of the 1960s I heard the best of the new "secular Christians", the American radical theologian Paul van Buren, say that the idea of God might work just as well and might have all the same effects in human life if we thought of God not as a personal being, but simply as an ideal.

That remark stuck in my mind, as did also Ninian Smart's observation that many

a Being, but rather is something more like a standard by which to examine oneself and a mirror in which to see and become oneself?

So in 1978 I read Kierkegaard's text afresh in the light of this idea. I was doing something very like a scientific experiment, trying out a theory against the textual facts. I was checking whether a great text really made sense, better sense, in the light of a new "non-realist" theory of God.

And it worked, with a bang. I felt that scales had fallen from my eyes. I understood better than ever before how Kierkegaard's text actually works to create its own fit reader, and how it might be possible to continue to be a religious person in a secular humanist world. In Kierkegaard's text God is not an active Being, but is "the Eternal". God is like one who is dead but is still venerated. The dead person is constantly, silently present with us, acting as a reference-point and as a standard to be lived up to.



I was changed. Over the next few years I began to elaborate and to publish the new point of view. The results were pretty disastrous, on the whole, because religious truth is so very highly political. Ideas are not and cannot be appraised on their merits, but are simply classified as being conservative, liberal or radical, and then reacted to accordingly. There was little hope of getting my ideas discussed, or even understood, for many years. The church authorities, and the journals, rejected them out of hand.

Almost 20 years on, I would not now try to argue that I have found the "correct" interpretation of Kierkegaard. The best texts can be and are read in a variety of ways, and from many different points of view. But I am still grateful to Kierkegaard. He may be dead, but his texts are still alive, still changing.

Don Cupitt is an Anglican priest, and a philosopher of religion at Cambridge University. His latest book is *Solar Ethics* (SCM Press).

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ARTS

Adolph von Menzel died in Berlin in 1905 at the age of 89, the most celebrated German artist of his time. The Kaiser, who was not the most advanced in his taste for contemporary art, graced the funeral with his imperial presence, a state affair in the Altes Museum on the Island of Museums at the heart of Berlin. It was a true apotheosis for an artist whose success had been as much European as German - after which he seemed to vanish in the ether to be all but forgotten, save by the specialist and the connoisseur.

It is a curious but not altogether uncommon story, for the vagaries of fame and taste are notoriously fickle and indifferent in their judgment, as likely to drown the good along with the bad. Menzel has certainly never deserved his comparative obscurity, and this choice show at the Musée d'Orsay is especially welcome. We may come away from it not perhaps with the sense of a great master rediscovered, but for all his limitations, decidedly impressed.

He was at one time held to be the German Degas, but he was never that. Both artists were realists in their different ways, and they have in common the quality of being in different aspects of their work at once old-fashioned and very modern. But the problem with Menzel is really one of timing.

A full generation older than Degas and coming to maturity as an artist in the 1830s and '40s, he was still of a time when success was to be achieved in the Salon and the Academy, and the idea that History Painting was the highest form of the art was by no means dead. Where Degas in Paris in the 1850s and early '60s would move away while still a young man from the historical subject and the influence of Ingres and Gerome to find his subjects in modern life, for Menzel in Berlin, such subjects and personal reputation were already fixed. Degas would live on to contribute positively to the modern movement as it developed in the final decades of the century. For Menzel it was just too late.

Just as with Géricault after David, beneath the genre and subject painter there was the realist waiting to emerge. It is to Géricault rather than to Degas that any useful comparison with Menzel may be made. For the seeds of modernism are to be found in the romantic idea that the artist is not a public figure but an individual whose duty it is to express himself.

From this it follows that what the artist does, whatever he does, has its own worth and expressive validity, and that a private and informal interest, expressed in the most rapid or fragmentary sketch or study, may stand with the full machine. From Géricault's severed heads to Menzel's dead soldiers is no great step.

It is thus in the Menzel of the sketchbook and oil-study, responding immediately to what is beneath his eye, that we really find the true artist. What is so impressive with him is the unblinking factuality of the study, matched to the brilliance of his draughtsmanship.

We may look at his genre and compositions of social scenes - the picnics in the gardens, the grand parades and glittering receptions - with interest and admiration, but it is the studies for them, the particular observation caught with astonishing assurance and facility, that take the breath away. Menzel is one of the truly great draughtsmen of the European 19th century, and the equal of any in this respect, even Degas.



'Woman with opera glasses', pastel, c.1850, by Adolph von Menzel; a draughtsman equal to any, even Degas

An intuitive eye

William Packer admires the drawings of Adolph von Menzel

But it is not just his virtuosity that marks him out. What leaps out at us across a century and more is the sense we get, which even the finest photograph can never quite achieve, that this is what the things - a woman in the street, a plate of oysters, some bits of armour, a decaying corpse - were really like. With the camera there is always the intervention of a process and contraction. It is a quality peculiar to naturalism in painting and drawing, but

only of the most particular and finest kind, for while all drawing and painting is to some extent approximation, mere approximation will never do. There is, rather, the most critical selection to be made, decisions, decisions, and all come to by the mysteries of the educated intuition. The eye is wrought up to an almost feverish intensity of scrutiny, and it takes only the most subtle and brilliant of hands to register what it sees, and indeed feels,

for the eye can feel. This is the *névrose du vrai*, the desperate, almost neurotic searching after truth of this exhibition's title. And it is what makes Menzel so very modern after all.

Menzel - the neurosis of truth: Musée d'Orsay, Paris 7, until July 28, then on to the National Gallery of Art, Washington and the Alte Nationalgalerie, Berlin. Sponsored in Paris by Framatome.

Radio/Martin Hoyle

Handle with care

For a moment it looked as if Radio 4 had changed its spots; but no, that little patch of England that remains forever the 51st state has reverted to type. We have had both *Book at Bedtime* and *The Late Book* hailing from across the Atlantic.

The latter was *Skin Tight*, described by the Radio Times as a "cult" thriller. This word is usually a sheepish cop-out for the obscure, inept or vulgar, though an attempt at stylishness was made by punctuating the reading with bursts of the sort of music often associated with the brasher news bulletins on commercial radio.

Who chooses these books, and why? The selection of Walden's *Thoreau* is understandable as a classic (*Book at Bedtime*), but what criteria are applied to a half-hearted sub-Tarantino send-up that never quite makes up its mind (in this production, anyway) whether it is satirical or serious? As Sir Thomas Beecham immortalised, we have enough British mediocrities without importing foreign ones.

But then quality must be handled with care in case it looks esoteric or elitist. Dilettantism, or at least the decently unfashionable, is the order of the day; hence the emergence of the all-purpose pundit. Journalist Mark Lawson not only chairs *Vice or Virtue* (Radio 4), conversational arabesques on morality, with eminent adequacy; he also guides Radio 3's *Signs of the Times*, a discussion programme which,

according to the portentous Radio Times, uncovers the "social, ethical and cultural hinterland behind the issues of the week". Oh dear. Last Saturday a very un-Radio 3 mentality trotted out the furry chestnut that the lottery was a tax on the poor to subsidise the pleasures of the rich, ignoring the fact that this is a tax imposed on nobody except those gullible or greedy enough to volunteer.

The conversation touched on pork-barricading and politicians who plead their local interests. This may be what prompted Tessa Blackstone to name as her heroine of the week a soprano currently singing at Covent Garden, an institution on whose board of governors Baroness Blackstone sits (without however revealing the fact to the listeners). Is the BBC moving with the times by serving up subliminal PR? Anyway, the programme compares unfavourably with *Any Questions?* And, as Wilde (a sound-bite man before his time if ever there was one; how he would revel in today's media scene) might have remarked, if Radio 3 does not make us feel inferior what is it for?

On Wednesday night, when Radio 4 doubled the day's Lawson quota by serving up *Burning from Atlanta*, Mark Lawson reporting in his pleasantly non-challenging middlebrow way from Georgia, I wondered if someone had confused him with Nigella, another prolix

pen-pusher with a reassuringly familiar name though a different hair-distribution.

The difference between our new self-effacing accessibility and unabashed expertise is illustrated by *A History of Britain in Sir Henrys*. Radio 4 in unashamedly esoteric mood, the series got off to a cracking start with a turd expert; an archeologist, that is, whose forte is analysing society's astronomical habits, and mirth else, from the waste found on the sites of ancient civilisations. When asked why he concentrated on this field of study he replied he lived in York - adding hastily that the day was built on several feet of excrement. He did not say whether he came from Loughborough.

The series' opener reconstructed a Roman banquet, its climax was the excited presentation of a genuine spouse with which the Romans wiped their bottoms (all this on Sunday - and before lunch, never mind the watershed). The second programme revisited an Arthurian feast and was necessarily vaguer, historically speaking.

Fascinating to hear the English cuisine had a reputation for subtlety and the puddings or "aftermeats" were a speciality even in the dark ages. And, reversing cultural stereotypes, how eating horses was banned by the papacy and generally associated with pagans. Watch this space for the changing historical role for cows in culinary history.

Theatre King Lear's family

Denmark's Theater La Balance specialises in creating work of particular relevance to young people; the company tours Britain this month as part of the first "Out of LEFT" season with *Cordelia*, director Marc van der Velden's rewrite of *King Lear*.

Van der Velden's intention is to address the issue of young people caring for their elderly parents; consequently, in his version of the Lear story Cordelia takes the place of both the Fool and Kent, disguising herself in motley to accompany Lear once he has been spurned by Goneril and Regan. Lear himself assumes the additional role of Gloucester, blinded by Edmund and bent on throwing himself off the cliffs at Dover.

Conflating Shakespeare's characters creates as much narrative complexity as clarity. Having excised Gloucester, Van der Velden is deprived of half his opportunities to explore filial piety or ingratitude: Edmund is as villainous

as ever, but has no family to portray other than his elder half-sister Emilia (the character formerly known as Edgar Cordelia's lady-in-waiting, who, in a packed agenda, alternates between posing as the Bedlam beggar Poor Tina and mustering an army to restore Lear to the throne, culminating in her *Kendo*-style duel with Edmund).

What remains is a production - played in traverse at the Young Vic, with actors delivering almost as many of their lines in English as in Danish - of stark, striking visuals, some able performances (Henriette Rosenbom as Cordelia at times overshadowed by the Björk-like Anne-Karina Nikolajsen who, in a further complication doubles as Emilia and Goneril), some not so fine ones (Tage Larsen rumbles a lot as Lear, Mikkel Haarder Munch-Hansen's fluent English serves mostly to show up his one dimensionality as Edmund) and a final surprising twist.

However, Van der Velden's remoulding of the story with the goal of pointing up familial duties between generations shows no net gain: for every point at which the family focus is tightened, an end flap loose somewhere else, usually to be tucked away hurriedly under Emilia's skirts, so to speak. *Cordelia* works as drama in itself, and (just about) as a version of *King Lear*; but - to be frank - so what?

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Ian Shuttleworth
At the Newman Room, Oxford (01865 798600) and June 25-28 at Newcastle Playhouse (0191 230 5151).

Television/Christopher Dunkley

Rock, rhythm and blues

Rock music means The Beatles and the Rolling Stones, right? Perhaps Elvis had something to do with the early days and Jerry Lee Lewis may have sent it into its first earth orbit with "Whole Lotta Shakin' Goin' On", but rock and roll is essentially a white refinement of black music.

It is a form in which the British - somewhat surprisingly given their reputation for reserve and rigidity - have shown themselves again and again to be world leaders. Brit-pop rules OK? No, not OK. *Dancing In The Street: A Rock And Roll History* is proving to be a 1996 version of the *Damascus Road*. By providing a coherent account of rock from the earliest days it is enabling you to open your eyes to the truth.

As last week's introductory episode of this outstanding series vividly illustrated, the truth is that rock and roll came out of the Mississippi delta, and it was a black phenomenon. We all know that white English boys, many of them art students, borrowed wholesale from black American artists and frequently got into the hit parade with cover versions of songs that had sold only a few thousand for their black originators.

But this programme, coming 45 years after the birth of rock, is able to take a long enough, broad enough view to allow you to see where the real talent and - essential to rock and roll - the real guts were. From Fats Domino to Bo Diddley, from Chuck Berry to Little Richard, the true originators were black.

Some will say that this is worse than a simplification, and, to be fair, the (mostly implicit) editorial line of *Dancing In The Streets* would not go this far, asserting instead that rock and roll - another black slang term for sex, like "jazz" - was a marriage of black

rhythm and blues and white country and crooning. My point is that this series has so many key examples in it, and is so clear in its chronology and its tracing of who influenced whom, that it gives you the opportunity to work out which particular bits of the twisted strand of rock music you really like.

My own answer, to my considerable surprise, is that rock and roll might have been better off without any of the effete British contribution and without any of that fey folk-rock stuff introduced by Dylan, Joan Baez and the flower children. Their malign influence can be seen in next week's episode.

Today's programme displays the true heart of rock music that would still have existed without all that an American art form coming down through black gospel singers via blues men such as Howlin' Wolf and Muddy Waters, who were featured last week, to such groups as The Shirelles, the Dixie Cups and The Crystals. Listening again to "Da Doo Ron Ron" - arguably the greatest pop song ever - you realise what a chasm divides American from British rock. The Beatles were hugely popular, but in musical terms what has British rock ever offered which could stand alongside Tamla Motown or the Phil Spector wall of sound? Somewhere in *Dancing In The Street* someone compares the Spector sound to Wagner and, in terms of sheer visceral impact, it is a perfectly reasonable comparison.

Most producers of documentary series face the problem of where to find material to illustrate their programmes. But there is so much footage connected with rock music that Hugh Thomson, producer of *Dancing In The Streets*, and his researchers, must have had the opposite problem. They have

had to decide what to exclude, and some viewers will be surprised at their decisions. No Bill Haley? No Big Boy? No Gene Vincent? No Everly Brothers? Perhaps (though it seems unlikely) they will turn up in later programmes - there are 10, each lasting an hour, so there is a wealth of material here.

Most impressive of all is not the archive selection, rich though that is, but the specially shot interviews. From Little Richard, magically reproducing the rhythm of the trains outside his childhood home to Ginsberg deconstructing "Eleanor Rigby" from head Beach Boy Brian Wilson describing the first time he heard the Ronettes singing "Be

My Baby" (he nearly crashed his car), to journalist Al Aronowitz describing how Dylan rolled a joint for John Lennon, who passed it to Ringo who "smoked it like his own cigarette" - the implication being that this was the first time the Beatles had ever turned on - it is a treasure house of memories from our own lifetimes.

Saturday night television is usually bad enough at the best of times, and in high summer it tends to be the pits, but this year, for ten weeks at any rate, there is going to be one hour on BBC2 on Saturday nights which is going to be compulsory viewing for many of us.

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ARTS

Corporate art goes avant-garde

Lynn MacRitchie finds uncompromising pictures hanging on the walls of a city law firm

A corporate art collection inevitably makes a statement about its owner. Usually, this reassures reminding clients and employees of the company's success. Its position secure enough to son the harsh edges of business culture. In corridors and conference rooms, clients may admire paintings or sculptures which may be contemporary but are never controversial, while behind the scenes, staff feel valued as they enjoy their rich breaks in a specially designed canteen.

The Canary Wharf offices of the edit Suisse bank with conference room wall drawings by Sol Lewitt and works by Tony Cragg, Michael Eber, Gabriel Orozco and others. A colourful staff restaurant signed by Bruce Maclean are an silent and successful example of its approach.

Clients and staff of Simmons & Simmons, corporate lawyers established in the city a century ago this ear, are in for a rather different experience. Raising their eyes for spite during a difficult meeting hey may find themselves gazing at Angus Fairhurst's large colour photographs of the back of Damien Hirst's neck, or at Abigail Lane's

murderous looking pit bull terrier, photographed straining menacingly over his muzzle in moody black and white.

"Made in London," the contemporary art collection assembled for the firm by Stuart Evans, one of its corporate finance partners, is a collection with a mission. "The title is almost a manifesto," comments Nick Serota, director of the Tate Gallery and one of its admirers. "It raises questions about the importance of British art today." Stuart Evans himself, noting that "British people think art is some kind of con trick," declares that he would love Simmons & Simmons to be seen to be "part of the debate about contemporary art."

Unusually, Simmons & Simmons did not employ art consultants or appoint a purchasing committee when they decided to begin to buy art some 10 years ago. Instead, they entrusted the acquisition entirely to Evans. Passionate about art since his schooldays (his enthusiasm encouraged by an understanding art master, William Feaver, now art critic of the Observer), he was already collecting "art done in my lifetime" for himself, and began buying for the firm with small pieces by Bell, Bomberg, Fry and

Redpath and prints by Hodgkin and Kossoff, Lichtenstein and Oldenburg, all safe and established stuff.

Then, with the young art dealer Thomas Dane, Evans began an odyssey through the studios of the new generation of London-based artists such as Matt Colishaw, Peter Doig, Tracey Emin, Michael Landy, Abigail Lane, Fiona Rae, Georgina Starr and Mark Wallinger among others. He became passionate about what he saw, and determined to support it. "The work was difficult, but in the way rewarding things are, bringing different ways of looking at the world," he explains. When in 1994 the firm decided to construct a new suite of conference rooms, Evans took the opportunity to begin to buy this new and uncompromising art.

"What is unusual is that Stuart has not played safe," Nick Serota explains. "The characteristic corporate collector goes to the Cork St vendors and buys prints. He has gone to the artists and played a hunch that this is an important moment in British art and bought original works. He clearly feels personally excited about it." He clearly does. For Evans, artists are "like Old Testament prophets, swimming against the tide, from a position of

considerable vulnerability, because of something to do with truth. I think that's worth investigating..."

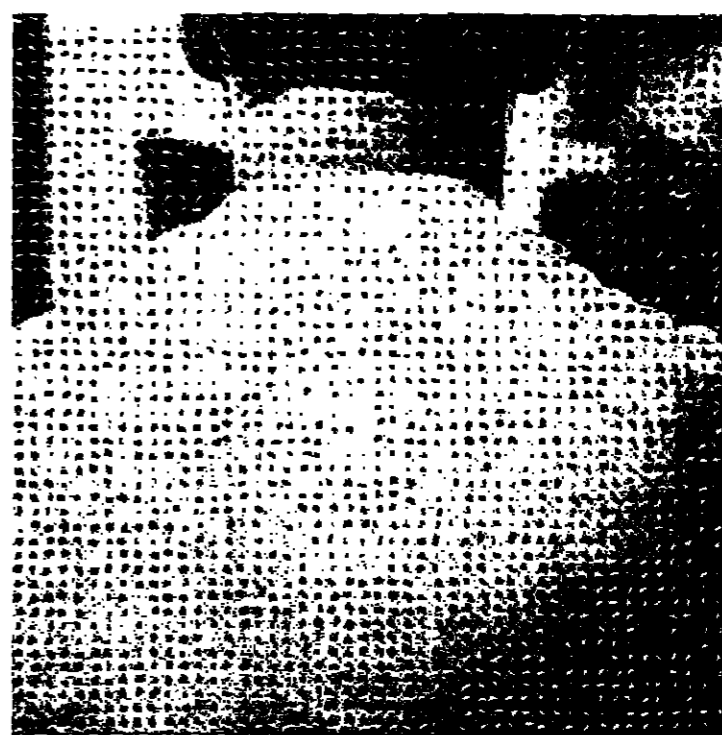
His genuine enthusiasm has not obscured Evans' eye for a good deal. "Two and a half years ago was a good time to be buying. Major work was obtainable for less than outrageous prices, and galleries and artists were keen to do business..." he recalls. "When people heard you were in the market, good opportunities arose." Nick Serota confirms this. "He has built up a collection, on a modest budget, that anyone would be proud of."

Now, visitors waiting to be taken to their appointments sit beneath "TV Room 111," 1992, two monochrome paintings by Paul Winstanley of blank television sets, and a large white and bronze abstract by Nicholas May. Clients on their way to the conference rooms, each dedicated to work by one artist, pass down a corridor full of surprises. Paul Graham's "Television Portraits", colour photos of a toddler and a young woman in an ordinary living room slumped in front of the TV, have caused the most controversy. "I was accused of enlarging

my family snapshots and hanging them on the wall," Evans recounts. With characteristic robustness, he rose to the challenge, defending the work at the partners' daily lunches and bringing in Virginia Britton from the Tate Gallery to lecture to staff about the collection.

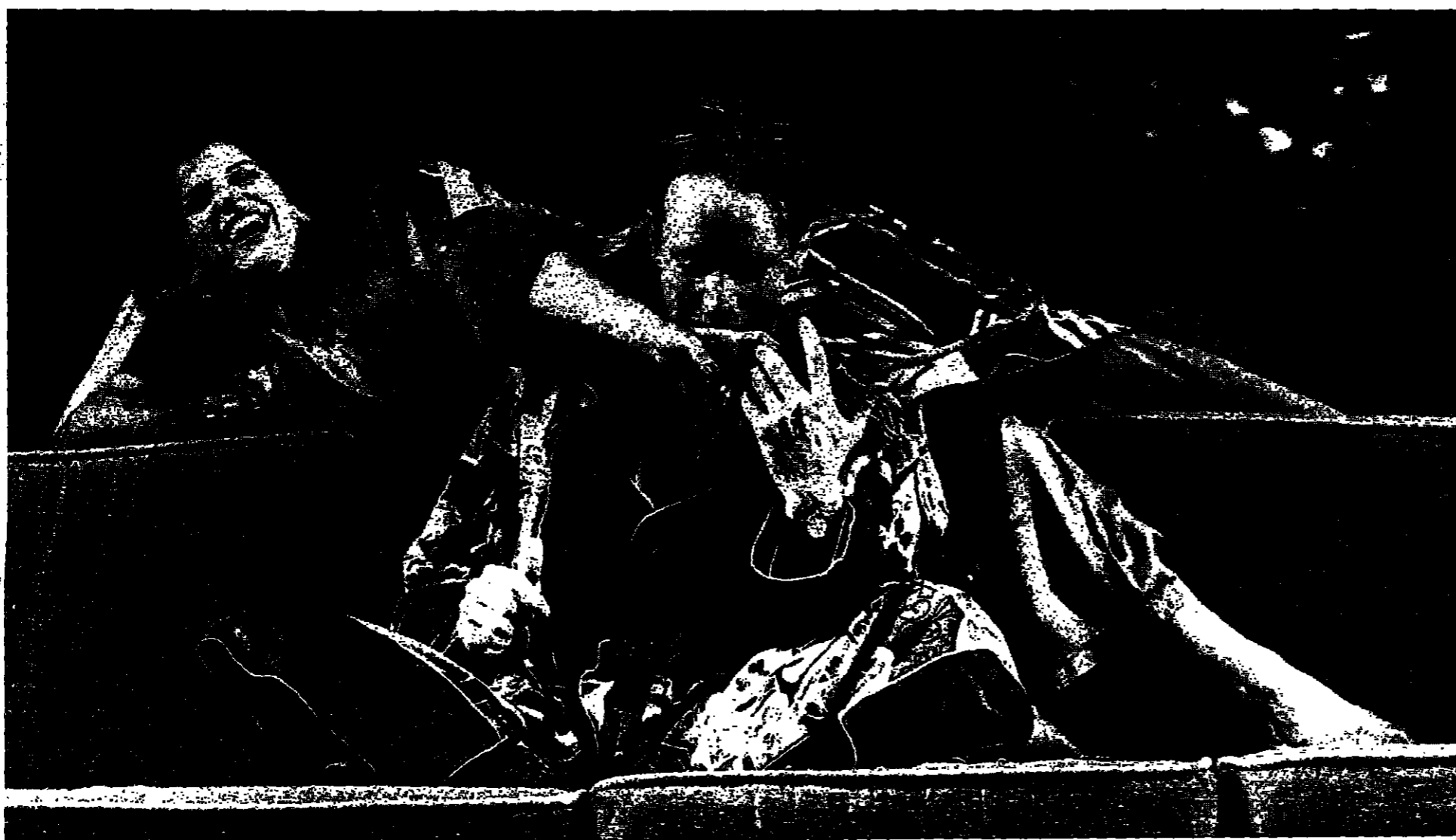
As corporate lawyers, Evans describes Simmons & Simmons as "merchants of solutions. We have to achieve objectives for people in powerful positions, and they expect us to be able to deliver. Part of the solution can be looking at things in a way that hasn't been done before. The art that we show is compatible with what we are doing as a firm." It has also become a source of business.

The firm has helped some of the artists with legal matters, sometimes accepting donated works as payment. And it has also become an adviser to the Tate Gallery on the financial structuring of its new gallery at Bankside. Evans' enthusiasm seems certain to ensure that Simmons & Simmons will maintain a dynamic relationship with contemporary art and artists, an example Nick Serota would like to see spreading to other companies. "In the US, corporate collections are one of the ways artists sustain their



Zit attack: Angus Fairhurst's photograph of the back of Damien Hirst's neck

careers," he notes. Back in the conference room, Stuart Evans recalls how a fraught Fairhurst meeting ended with the Angus Fairhurst photo piece knocked out of position and somewhat the worse for wear. "We've had some complaints - people don't like the zit (which features prominently in the middle of the Hirst neck)," he smiles. After restoration, carried out by the Tate, the work is now back in place, reminding those who see it that these days, such maddening, deadpan, clever and challenging art works have made London the centre of the art as well as of the business world.



Noël Coward's cut-glass bickering and frivolous amorality is always an audience favourite: Simon Robson and Abigail Thaw as Elyot and Amanda

Theatre/Ian Shuttleworth

'Private Lives' played out of kilter

The more mannered a comedy script is, the greater the commitment demanded of actors to their respective roles. This is most obvious in farce in general, and in the work of individual playwrights with distinctive voices: Wilde, for instance, Joe Orton, and Noël Coward. *Private Lives* has always been an audience favourite, with its cut-glass bickering and frivolous *haut-monde* amorality; it grants little freedom, though, for performers to stretch into their parts without underlining the poise of the play as

a whole. Mike Alfreds' production (the second in Method & Madness' three-show repertory season at the Lyric Hammersmith), has ill-fitted laughs in all the old familiar places, and succeeds also in mobilising into a minor key for the reflective passages of the second act, but is nevertheless subtly out of kilter.

The most obviously discordant notes are struck by Simon Robson as Elyot. Much of Elyot's character is affectation, but paradoxically sincere affectation. Robson for the most part wears Elyot's mannerisms as casually as the gandy dressing gown he sports

in Act Two. His flippancy is not so much defensive as adolescent; not to put too fine a point on it, he camps persistently.

As Amanda, the ex-wife with whom Elyot is unexpectedly reunited, Abigail Thaw makes periodic forays down the same path, but reins herself in before matters get out of hand. During the role-playing exchanges in the Parisian apartment to which the couple have fled from their separate honeymoons, Thaw's Amanda may lapse into an exaggerated drawl, but

is clearly indulging herself for a few moments only: Robson's Elyot never stops.

Geraldine Alexander, as Elyot's deserted second wife Sibyl, makes a pleasing if shallow little blonde mouse, bridling to a strangled crescendo in the play's final exchange; strangulation is the key note of Martin Marquez's performance as Victor, leading one to speculate on the severity of the character's toilet training as a child.

In general, the quartet of players seem on the young side for their roles - the incongruity is not obtrusive,

but the shades of Coward and Gertrude Lawrence hang heavy over Elyot and Amanda.

Alfreds also tinkers with the script at several points, but nowhere as perversely as the very final moment: having Elyot and Amanda discovered in an embrace rather than letting Sibyl and Victor find that they have silently fled is all very well in terms of resisting a formal closure, but it most decidedly ain't Coward.

In repertory at the Lyric Hammersmith, London W6, until July 27 (0181 741 2311).

While Phil Willmott prats about with Joe Orton's *Funeral Games* at the Drill Hall, Alan Strachan's production of *Loot* serves as a timely reminder that Orton's scripts are more than able to

defend for themselves. Only John Alderton as Inspector Truscott either feels a compulsion to or is allowed to get up to any extra-mural funny business.

Alderton is conscious that the show is being sold on his name, and so perhaps feels justified in working in a number of sight gags - getting trapped in a wardrobe, nibbling on a hard-boiled egg and so on.

Such tricks do little to point up the eccentricity of the character - after all, everyone in Orton is eccentric to say the least: as well as Truscott of the Yard, *Loot* boasts a devout Catholic rose-growing widower, a serial-killing nurse, a pair of bisexual bank robbers and a corpse who sees more of her house dead than she had done alive.

Truscott himself, as he scours the house for clues to the bank job, maintains almost until the end that he is an employee of the Metropolitan Water Board, whose powers of arrest he refuses to discuss.

Orton's drama depends on the extent to which his characters unquestionably accommodate one another's more exotic traits; if they were not able to discuss matters like the concealment of £102,000 in a funeral casket with such *sans-froid*, the shocked thrill which is his stock-in-trade would dissipate.

Alderton's little extras come close to downgrading Truscott into a mere pompous buffoon; luckily though, he stops just this side of disaster. For the most part he looms and hurks with appealing menace, rumbling his lines with a kind of weary dyspepsia, although he wastes several gags by the insertion of unnecessary Michael Foot-like *blatantes* in mid-sentence.

The rest of the cast do sterling work, especially

Rebecca Lacey as the murderous nurse Fay McMahon, who oozes the deadliness of the female as she saunters across the stage.

Ian Meredith is an unshowy Hal, declining to make much of his character's anguished inability to lie when questioned by Truscott, and Mark Dexter gives Dennis a sardonic, nasal twang, but again refuses to overplay it.

Alan Cowan as the widowed McLeavy supplies the voice of horrified normality as events unravel around him, chiming when he is led away in the handcuffs with, "Oh, what a terrible thing to happen to a man whose been kissed by the Pope!"

Director Strachan takes the play at a brisk but not frenzied pace; the occasional creak, and the odd slice of ham from Alderton do not derail his good solid revival.

I.S.

At the Churchill Theatre, Bromley, until June 22 (0181 460 6677), then June 26 to July 27 at West Yorkshire Playhouse, Leeds (0113 2442111).

A Life for the Tsar

Andrew Clark reviews a rare production of Glinka's opera

No opera reflects the tides of Russian history of the past 150 years better than Glinka's *A Life for the Tsar*, which has just received a rare and highly persuasive staging in Zurich. It tells the story of Ivan Susanin, a 17th-century peasant who sacrificed his life to help establish the Romanov dynasty under threat of foreign invasion. Premiered at St Petersburg in 1836, *A Life for the Tsar* was the earliest operatic manifestation of nationalism.

That was its chief claim to fame throughout the 19th century, and also its undoing. By the end of the century, Russia's liberal intelligentsia had begun to raise doubts about Susanin's example of unthinking loyalty to the Tsar, and after the 1917 Revolution the libretto was doctored to express a more abstract form of nationalism. Although *A Life for the Tsar* was the first Russian opera to be performed abroad, its subject-matter has always limited its appeal, and in the postwar operatic boom it has been overshadowed by more sophisticated Russian successors.

To western ears today, *A Life for the Tsar* works precisely because of its honest charm and the transparency with which it reveals its sources. You cannot mistake the "Russian-ness" of the folk melodies and soulful choruses, but they get crossed at every turn with the foreign influences Glinka picked up in Milan and Berlin. The grand tableaux and woodwind colouring owe something to French tradition, while the vocal parts are decorated with Italianate touches - and there is even a whiff of Weber in the fleet Act 3 string lines. The result lacks the epic scale of Musorgsky or the integrated quality of Rimsky-Korsakov's best efforts, but there is no doubt who was the trailblazer.

The success of the Zurich production stemmed from Vladimir Fedoseyev's idiomatic conducting, the engagement of a chorus from Sofia and the casting of the Finnish bass, Matti Salminen, in the title role. Thanks to Fedoseyev's careful preparation and inspirational podium style, the performance had an overwhelming

ing coherence and refinement. With his *Kismet* at last summer's Bregenz festival still fresh in the memory, Fedoseyev is proving to be one of Russia's most valuable musical exports.

Even without Russian singers, the decision to sing in Russian gave the performance welcome authenticity. Salminen's bear-hug of a voice, allied to his giant stage presence, brought to mind his well-practised Boris - he even looks like a Tsar - and yet he was wholly convincing as the simple, courageous family man who wants to serve his country. There was no scooping up to the note, a habit that has marred some of his German roles, and he brought a *bel canto* suppleness to the elegiac farewell aria in Act 4.

The trouser part of Vanya, Susanin's adopted boy, was radiantly sung by the house mezzo, Cornelia Kalisch, while Peter Straka's Slavic tenor was well suited to the headstrong character of Bogdan Sobinin. The only other principal role is Susanin's daughter, Antonia, which the Georgian soprano Iano Tamar sang with gracious aplomb.

By sticking to essentials, Alfred Kirchner's staging kept the narrative admirably clear. Bernhard Kleber's decor - a broad central catwalk with pictorial flats and dropcloths - left the chorus on the sidelines but gave a strong sense of place, notably in the magical soundscape at the start of Act 4. Unusually for a German producer, Kirchner judged the light-hearted moments faultlessly, lacing the Act 2 ball with sexual innuendo and steering clear of folkiness.

The production's finest moment was the closing tableau, in which the crowd rejoices with a hymn in praise of the Tsar. Kirchner gave this a deliberately hollow ring, by leaving Susanin's family centered-stage with their heads bowed in mourning; loyalty to the nation state is all very well, but the personal cost is dear. How far this moral can be applied to the 20th century, we were left to ponder on our own.

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SPORT

Soccer / Peter Aspden

England's feelgood potion

When pundits or managers tell an exasperated world that football is all about goals, they are not making quite so obvious a point as might appear. For the scoring of a goal does not only turn a game; it can transform the mood of a side and, as we are now seeing, even alter the psychic well-being of an entire nation.

It was, inevitably, England's Paul Gascoigne who rediscovered the intoxicating mix of audacity, desire and skill which has brewed into the most potent of feelgood potions. True, England had stepped up their game at the beginning of the second half of last weekend's game against Scotland, but that did not hide yet another laboured performance against a mediocre side. Until that goal.

It took just two touches, one deft, the other explosive, and an outrageous imagination. Gascoigne never stopped running after hitting that perfect volley past Andy Goram: until he suddenly remembered that he had an appointment with his teammates beside the goal. He collapsed backwards and waited for his comrades to squirt water down his throat, in a satirical re-enactment of the infamous dentist's chair episode. It was an exorcism. All the pressure, all the silliness, all the self-doubt were gone in a single moment of cata mayhem.

With Gascoigne's goal, England

could at long last puff their chests out. Not out of the usual blind patriotism, but true footballing pride. It was a sublime sporting moment. It was the reason Wembley was packed, the reason millions were watching on television. The correspondent of Italy's *La Gazzetta dello Sport*, notoriously niggardly with praise, compared Gascoigne with Pelé; a diagram was drawn to analyse the move in detail. England, such inhibited hosts, had at last joined in their own party.

England coach Terry Venables recognised the surge of confidence in his side. But confidence alone does not win matches. Some more tactical tuning was needed for the Holland game. Keep Steve McNamara on the right, where he looked so much more comfortable, ask Teddy Sheringham to come that little bit deeper, where he could use his shrewd sense of angles and sure touch to greater effect, and point Gascoigne in the direction of the opposition goal, wind him up and enjoy.

England's demolition of Guus Hiddink's complacent side on Tuesday was shockingly good. From the

very first minute, here was a visibly more relaxed team, moving with great intelligence and fixing the ball around. With virtually his first touch, Alan Shearer blasted a half volley on the turn from a corner to announce his intentions; it was cleared off the line.

Paul Ince - the defensive anchor of the side, remember - performed an impertinent sleight-of-foot out of the Roberto Baggio book of ponytail pranks to win England a penalty. Sheringham's precise header slipped deceptively into the corner of the net to make it 2-0. The third goal was a masterpiece of an attacking move.

And then one of the most revealing moments of the match: Shearer racing back 50 yards to close down Clarence Seedorf when an England attack had broken down with Gascoigne and Ince committed forward. The exuberance, the energy, the reading of the game contrasted starkly, almost embarrassingly, with Holland's sullen attitude.

Venables's most urgent task for today's confrontation with Spain is to keep those sparkling feet on the ground; and win the tactical battle



all over again. Last week I warned of the dangers of national stereotypes; but it is still sobering to write of the adventurous English needing to steady themselves against the down, solidly built Spaniards. They are tough, but beatable. And their notoriously strong defence will seldom have come across such a steely adversary as Shearer, whose physical skirmishes with Winston Bogarde made the crowd next to the right-hand touchline wince on Tuesday. England will face the winners of

tomorrow's Germany v Croatia quarter-final at Old Trafford if they beat Spain. Do not expect a feast of attacking football. These are two sides that like to steady themselves before committing men forward. The breathtaking goals by Jürgen Klinsmann and Davor Suker which finally dispensed with Russia and Denmark respectively came significantly late in their games. Neither striker will enjoy such space tomorrow.

Suker's party-piece of a second half against Denmark at last lived up to pre-tournament hype; he had had a wretched game against Turkey. He is certainly a dashing presence in Euro 96, with his Lyle Lovett looks and deceptively laid back manner, dedicating the shot from 60 yards which just failed to beat Peter Schmeichel to "espectaculo and fair play". Croatia's player profiles point out that Suker "prefers to be dressed by Versace"; he will need all that flamboyance, and more besides, to outwit Germany's mean defence.

Of the other two quarter-finals, it is nearly impossible to see Holland defeating a very strong French side

at Anfield today. Hiddink needs to gamble on Patrick Kluyvert's fitness, and find some motivational skills somewhere. Seedorf, a key figure, looked particularly crest-fallen after Wembley's rout. France will bide their time, relying on the flair of their front three. They will need to push up on the Dutch defence to upset their opponents' rhythm; the Dutch will have to speed up that rhythm from its present torpor.

Almost anything can happen between Portugal and the Czech Republic at Villa Park tomorrow. I get the feeling that the Portuguese have been a little patronised in this tournament. True, their fast-moving passing game (more Colombian than Brazilian) looks fragile and tends to give possession away easily. But their defence, in which Fernando Couto has been outstanding, is getting better; and we have yet to see the best of Rui Costa. The Czechs have shown that they know how to finish, and will relish their unexpected progress in the tournament.

They too have shown what a goal can do. Pavel Nedved's relaxed finish in the early minutes of the

Czechs' fateful encounter with Italy turned the game - and the "cup of death" - inside out. Immediately after Italy's exit, their coach Arrigo Sacchi dejected to talk of individuals, and then, in a controversial resting of Pierluigi Pirri and Gianfranco Zola in particular, preferring to blame the defeat on the imperfect working of his team.

In a sense, he was right. It took a moment of hesitation in full back Roberto Mussi as the Italian defence sprung their outside pass for the Czechs to strike. But Sacchi above anyone should know of Italian football in particular; and about individual flair, was his not baulded through the 1994 World Cup single-handedly by Roberto Baggio?

Sacchi's arrogance grew; a couple of days before the crucial match against Germany, he reminded players that, Maldini apart, none of them would be where he was without him. It was not the best piece of psychology in the world. Faced with taking a crucial penalty in the extra minutes, Zola's nerve failed him. As at Italia 90, as at USA 94 failure from the penalty spot undid Italy. Sacchi would do well to abandon his excessively laborious approach to the game and learn how to foster a nerveless confident mood in his undeniably talented side.

Remarkably, he could do a lot worse than watch England.

Cricket

Forget Gazza, this is Dickie Bird's weekend

The crowd at Lord's stands to affectionate attention as England's most famous umpire says goodbye, writes Simon Hughes

It is hard to envisage one 63-year-old Barnsley man virtually upstaging the resurgent English football and cricket teams, but this is Harold "Dickie" Bird's weekend.

The most famous umpire ever is standing in his last Test match 23 years and 66 matches after his first, and the tributes and congratulations and telegrams have been flooding in.

Virtually every one brings a tear to his eye. But what the television documentary, the radio profile, the two books, the anecdotes and interviews and farewells failed to emphasise was that Bird is actually very lonely.

He is a tragicomic figure - rather in the mould of his hero comedian Tommy Cooper - who has nothing else to live for apart from cricket and he admits it.

"If after retirement I plonk myself into a chair and sit in front of the telly, I'll be dead inside 12 months," he said.

You can draw a variety of conclusions from his quirky dress sense, his patchy shaving, his nervous twitches, the regular sight of him dining alone in a fish and chip restaurant, but it is his incessant chatter that really gives the game away.

The constant rabbit between balls, the advice to the fast bowler to "hooray, we'll be 'ere all night", the booming announcement of "OVER... LEFT HAND" all point to a man with no one to come home to or confide in or relax with. The game is his wife.

Twice during my playing career he stopped me in mid run-up. I was forging in against the wind once at Headingley when suddenly he stuck out his left arm. "Eee that man Boycott's jost arrived on't balcony," he said excitedly. "Look at 'im, 'e's got millions but d'yer know 'e keeps it all to 'imself. When he dies 'e'll 'ave his money buried with 'im. And I'll be the first to go and dig it oop."

Having once opened the batting together for Barnsley Cricket Club, they are actually very fond of each other. A year later, heavy rain delayed the start of a Benson and Hedges Cup match at Southampton. Bird and I found ourselves killing time together in the pavilion health club, shutting between the sauna and steam room and finally taking a jacuzzi which he clearly had not experienced before.

Having at last undressed down to his war issue Y-fronts, he lowered himself gingerly into the pool and almost dozed

off in the warm, frothy water. After lunch the game began and soon it was my turn to bowl at Robin Smith, primed and ready to fire.

Half-way through my approach to the wicket out came his arm again - I assumed because the batsman was not ready or because he

Inevitably, the end of the heatwave coincided with the first day of his last stand

had dropped one of the miniature red beer barrels he uses as counters. I came to a halt beside him and he said: "By 'eck it was grand in that booble bath wasn't it?" Two days before setting off for Lord's this week he went ritually through the paraphernalia all Test umpires have to carry these days. The lists of laws and playing conditions, balls, calculators, scissors, screwdrivers, cloths, note-

pads and walkie-talkies. And the dreaded lightmeter. "I don't like to have to get it out," he said, "because if I do in a Test match or a county match, people say, 'You're here again Bird. Come along now, put that light meter away.'"

It is a faint hope. All his charm and eccentric humour is balanced by an insatiable magnetism for misfortune. Bad light, rain, bomb scares, the blinding glare from a nearby greenhouse: something will always materialise to force Bird to call a halt.

Even on a cloudless day at Headingley some years ago he was obliged to bring the players off. A burst pipe was gushing out water right in the middle of Curtly Ambrose's run-up.

"It's not my fault," he responded to the inevitable groans from the crowd, "you need a plumber out there." So it was totally inevitable that the end of the June heatwave should coincide with the first day of Bird's last stand. As the heavy clouds rolled in he stared up at the heavens and fretted and muttered, brandishing his umbrella.

Temporarily he took refuge in the umpire's cubicle beside the visitors' dressing room. A few well-wishers popped in to wish him good luck and he had



Harold 'Dickie' Bird; will draw stumps for the last time in a Test match when England play India at Lords this week

time to reflect on the transformation from working class lad and ordinary batsman from Yorkshire and Leicestershire to world renowned umpire and famed raconteur.

Trying the white coat on for size in 1967, on the advice of the Leicester secretary Mike Turner, saved him from the obscurity of earning a few pence propping for Paignton in the south Devon league.

Now all of Lord's were standing to attention waiting for him. Then play started half an hour late and the teams formed a guard of honour on

the field as Dickie Bird emerged, misty-eyed from a Long Room jammed with applauding members.

There was official talk of persuading him to stand at square leg for the first over, giving him time to recover his composure, but they need not have worried. He strode to his usual pavilion end and, fifth ball of the match, gave Mike Atherton out lbw without a trace of emotion, before indefatigably rejecting several other equally worthwhile appeals.

Although a famed "not

out", Bird commands the greatest respect from the wonderful bowlers he has so often denied. Dennis Lillee calls him "the ideal umpire" and Sir Richard Hadlee believes him to be "undoubtedly the best umpire in the world".

Ian Botham says that in his prime Bird was probably the best umpire there had ever been. "He had great judgment, could get a point over without being officious or demanding and, above all, was barking mad."

When Atherton was batting

in a Test match last year, there was a brief hold-up when Bird dropped his counters. "I've lost me marbles, lost me marbles," he complained. "Dickie, we could have told you that years ago," the England captain replied.

Wisely Mr H.D. Bird is retiring from Test cricket while he still has a few left.

Free as a bird. *The Life and Times of Harold 'Dickie' Bird* by David Hopps, will be published by Robson Books (£14.95, 228 pages) next week.

Tennis / John Barrett

Sampras dealt a tough hand

Wimbledon's 110th Championship meeting, which begins at the All England Club on Monday with record prize money of \$2,465,910, has dealt the defending men's champion, Pete Sampras, a difficult hand.

He opens against fellow American Richy Reneberg, a man who has beaten him before but never on grass, a surface to which Sampras was slow to adapt. That may be hard to believe when you realise that the 24-year-old champion is going for a fourth consecutive title, a feat last achieved by Bjorn Borg 17 years ago.

"It is true," Sampras said. "I found it difficult to return the serve until I shortened my swing. It took a while, but now I feel completely at home on the surface." He will need to be if the young Australian Mark Philippoussis beats the Argentine left-hander Javier Frana to earn another crack at the champion.

Sampras lost to Philippoussis in the Australian Open when the 19-year-old played the finest power tennis I have seen from anyone, anywhere. He hit the world No. 1 off the court in straight sets and never wavered. If I had not seen it I would never have believed it. Yet Philippoussis has done nothing of note since. That is the way in sport. Cloud nine one minute, up the familiar creek the next.

At least he is playing at Wimbledon this year. Twelve months ago his request for a wild card was turned down and he did not attempt to qualify. Since then he has refused a Davis Cup invitation for Australia. Philippoussis is being badly advised. Nick, his father, should have more sense.

Ahead for Sampras lies Cedric Pioline (16), the Frenchman who pressed Boris Becker to the limit last year, or Richard Krajicek of the Netherlands, who failed to get a seeding despite a ranking of 14. Beyond, French Open finalist and the 1991 Wimbledon winner Michael Stich (10) will probably lie in wait.

The Wimbledon seedings

(In draw order)

MEN: 1 P. Sampras (US) v 16 C. Pioline (FRA); 10 M. Stich (GER) v 17 R. Krajicek (NED); 4 G. Ivanisevic (CRO) v 14 M. Rosset (SUI); 12 S. Edberg (SWE) v 6 M. Chang (US); 5 Y. Kafelnikov (RUS) v 11 W. Panatta (ITA); 13 T. Martin (US) v 3 A. Agassi (US); 8 J. Courier (US) v 9 T. Enqvist (SWE); 15 A. Boetsch (FRA) v 2 B. Becker (GER).

WOMEN: 1 S. Graf (GER) v 16 M. Hingis (SUI); 10 M. Matejeva (BUL) v 6 J. Novotna (CZE); 3 C. Martinez (ESP) v 12 K. Date (JPN); 13 M. Pierce (FRA) v 8 L. Davenport (US); 7 C. Rubin (US) v 15 I. Spilka (ROM); 11 B. Schuster-McCarthy (NED) v 4 A. Sanchez Vicario (ESP); 5 A. Huber (GER) v 9 M.J. Fernandez (US); 14 A. Coetzee (RSA) v 2 M. Seles (US).

Thomas Muster, the world No. 2, was seeded No. 7 for the championships and said he felt slighted. However, an injury on Thursday in Halle has meant that Muster has had to withdraw.

In the semi-finals Sampras may again face the 6ft 4in Croatian left-hander Goran Ivanisevic, whose alliance with hometown coach Vedran Martić has allowed his natural talents to flower. He has the best serve in tennis but he faces the even taller Swiss No. 1, 6ft 5in Swiss Marc Rosset (14), who is another with a huge serve.

Then it will be either former champion Stefan Edberg (12), competing here for the last time, who plays Frenchman Guy Forget in the best of the first round matches, or the brave American, Michael Chang (6).

In the lower half, the Queen's Club winner Boris Becker (2) has been treated most kindly. The only fast court player in his section is the 1991 semi-finalist David Wheaton. The American will probably fight it out with Arnaud Boetsch (15) of France for the right to play Becker in the fourth round.

Then it will be either Sweden's Thomas Enqvist (9), the junior winner here in 1991 who has since lost twice in the first round, or the 1998 finalist Jim Courier (8) who is not the force he was. As last year, Becker's semi-final oppo-

nent is supposed to be the No. 3 seed, Andre Agassi, who played the most interesting match of last year's championships.

Whether Agassi is fit enough or match tight to proceed to the last four is a matter of guesswork. After losing unexpectedly to Chris Woodruff in Paris, Agassi disappeared from public view. He was probably fixing his wedding date with actress Brooke Shields.

Todd Martin (13) is the man who might benefit from Agassi's poor preparation. If he does proceed to the last eight, Martin is cast to play either the new French Open singles and doubles champion, Yevgeny Kafelnikov (5), or Wayne Ferreira (11).

Kafelnikov is the first Russian to win a Grand Slam title and it would be no surprise if one day he succeeded at Wimbledon. He reached the last eight 12 months ago, but with the let-down that inevitably occurs after a big win, I expect to see him go out before the semi-finals. In fact, it would not be impossible for the British No. 1, Tim Henman, to beat him in the first round. Henman will have put behind him last year's thoughtless act that led to his suspension and has nothing to lose.

The British No. 2, Greg Rusedski, has a dream draw - if he can make use of it. He first plays a qualifier, then the New Zealander Brett Steven or another qualifier. With the withdrawal of Muster, who he was expected to meet, Rusedski may once again inspire a wave of patriotic fervour as he did last year.

So dominant are the top four ladies that only injury is likely to prevent Steffi Graf (1) from facing Conchita Martinez (3) in the top half, and Monica Seles (2) playing Arantxa Sanchez Vicario (4) in the lower. The danger for Graf will be a potential meeting against Jana Novotna (6) in the quarter-finals.

The athletic Czech should have beaten Graf in the 1993 final and will be confident after removing Seles from the French Open in spectacular style. Although Seles admitted afterwards that she was nervous and inhibited in Paris, I believe she will be prepared to go for her shots at Wimbledon after this week's outing in Eastbourne.

On her first appearance since 1993 she should race past Amanda Coetzer (14) and Anke Huber (5) to set up a showdown with Sanchez Vicario. Before that the feisty Spaniard will have to be at her best against Helga Schultze-McCarthy in the fourth round and will relish the chance for revenge against Chanda Rubin (7) who best her in a nail-biting match in Australia.

The problems for Martinez may be Kimiko Date (12), who upset Graf in a Fed Cup match recently, and Lindsay Davenport (8), slimmer and more dangerous than last year.

As for the likely winners, it is difficult to desert Sampras, who is bidding for his eighth Grand Slam title, and Graf for whom a seventh title would be her 20th major crown. That would overtake the total she shares with Helen Williams Moody and put her second only to Margaret Smith-Court who won 24. With every passing year these two great champions march ever further along the road to immortality.

Ivanisevic profile, Page XVIII

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Phillip Otto Runge and Casper David Friedrich. The Passage of Time: the first exhibition in the Netherlands...

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Deux Palais pour Rodin: part of a joint exhibition in the Musée du Petit Palais and the Palais des Papes...

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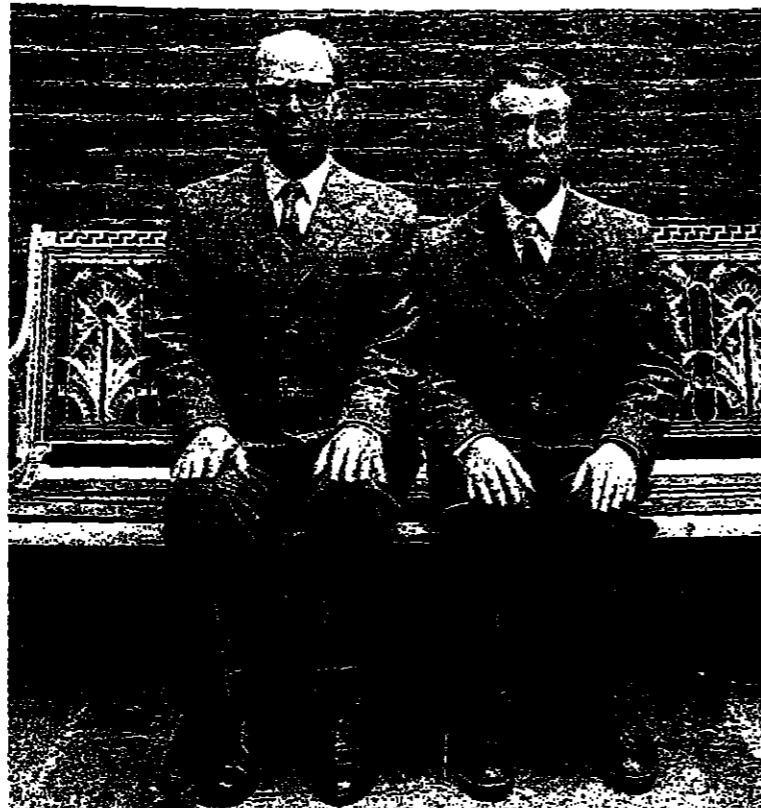
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National Symphony Orchestra: with conductor Colman Pearce and pianist Neil Cooney perform works by Schnittke, R. Schumann and Rimsky-Korsakov; 6.30pm; Jun 28

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Alberto Giacometti 1901-1966: the first big exhibition of Giacometti's work in Britain since the retrospective held at the Tate Gallery in 1965...

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La fille du régiment: by Donizetti. Conducted by Donato Renzetti and performed by the Opera alla Scala. Soloists include Mariella Devia, Valeria Eposito and Giuseppe Sabbatini; 8pm; Jun 25, 26, 28

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EXHIBITION Musée Matisse Tel: 33-93 53 40 53
Matisse et Bonnard: exhibition to examine the friendship between Matisse and Bonnard from the 1920s to 1947...

CONCERT Royal Festival Hall Tel: 44-171-9604242
The Philharmonic Orchestra: with conductor Kurt Sanderling and pianist

Radio France: with conductor Elisha Inbal and pianist Frank Braxley perform works by Dvořák, Ravel and Stravinsky; 8pm; Jun 27

EXHIBITION Galerie Nationale du Grand Palais Tel: 33-1 44 13 17 17
Las années romantiques 1815-1850: exhibition of some 180 paintings and watercolours by French artists, created between 1815 and 1850...

EXHIBITION Opéra de Paris Bastille Tel: 33-1 44 73 13 99
Salome: by R. Strauss. Conducted by Donald Runnicles and performed by the Opéra National de Paris. Soloists include Robert Tear, Helga Damesch, Eliane Coelho and Jean-Philippe Lortot; 7.30pm; Jun 27

EXHIBITION California Plaza of the Legion of Honor Tel: 1-415-863-3330
Pergamon: The Telephos Frieze from the Great Altar: exhibition of rare and renowned works of Hellenistic sculpture from the second century BC...

EXHIBITION Staatsoper Stuttgart Tel: 49-711-20320
Aufstieg und Fall der Stadt Mahagonny: by Weill. Conducted by Janos Kulka and performed by the Oper Stuttgart. Soloists include Poulton, Bundschuh and Sadé; 7.30pm; Jun 26

CONCERT Concert Hall Tel: 61-2-250-7111
Sydney Symphony Orchestra: with conductor Edo de Waart and violinist Boris Beldin perform works by Rimsky-Korsakov, Tchaikovsky, Dukas and Lyadov; 8pm; Jun 27, 28

EXHIBITION Tel Aviv Museum of Art Tel: 972-3-6957361
Fauvism 'Wild Beasts': between 1904 and 1907 a group of artists including Matisse, Derain, De Vlaminck and Braque applied non-naturalistic and often disconcerting colours to otherwise conventional subjects...

EXHIBITION Teatro alla Scala di Milano Tel: 39-2-72003744
La fille du régiment: by Donizetti. Conducted by Donato Renzetti and performed by the Opera alla Scala. Soloists include Mariella Devia, Valeria Eposito and Giuseppe Sabbatini; 8pm; Jun 25, 26, 28

EXHIBITION Kasumigaoka National Stadium Tel: 81-3-34281335
The Three Tenors: Pavarotti, Domingo and Carreras: accompanied by the Philharmonia Orchestra with conductor James Levine. This concert is a part of the world tour of The Three Tenors; 7pm; Jun 29

EXHIBITION Wiener Staatsoper Tel: 43-1-514442960
Die Walküre: by Wagner. Conducted by Daniel Barenboim and performed by the Wiener Staatsoper. Soloists include Plácido Domingo, Waltraud Meier, Rene Pape and Falk Struckmann; 8pm; Jun 24

CONCERT Concert Hall Tel: 1-202-467 4600
Messiah: by Handel/Mozart. Performed by the National Symphony Orchestra with conductor Christopher Hogwood. Part of the Mozart Festival; 8pm; Jun 23

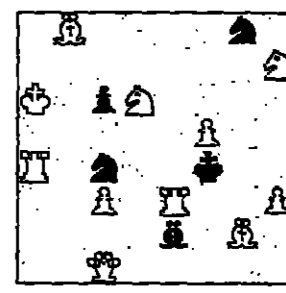
EXHIBITION Opérahaus Zürich Tel: 41-1-268 6686
La Cenerentola: by Rossini. Conducted by Adam Fischer and performed by the Oper Zürich. Soloists include Cecilia Bartoli, Elena Moscu and Bruce Ford; 7.30pm; Jun 26, 29

CONCERT Salle Pleyel Tel: 33-1 45 61 53 00
Orchestre Philharmonique de

CHESS

The UK National League has just completed its third season, in which a record 14 teams took part. Slough won the title from the Midlands in the final match...

White mates in two moves, against any defence (by Comins Mansfield, 1917). The UK's best composer was born a century ago in June 1896 and his finest problem, above, was created in a battlefield trench in France.



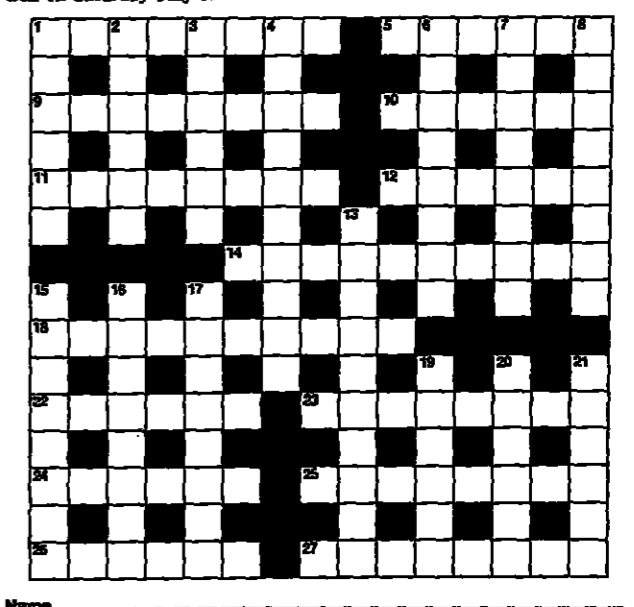
BRIDGE

Finesses may seem a good bet, but the experts usually snub them. The reason is simple: a 50 per cent chance of an extra trick is too low, when alternative lines may offer far better odds...

South opened 1S and, over North's simple raise, bid 4S. West led Q4. South surveyed his four losers: a heart, two diamonds and a club. He knew that the heart finesse might solve his problem...

CROSSWORD

No. 9101 Set by CINEPHILE. A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers...



ACROSS: 1, 5 Senior churchman with less feeling? Any amount (8,6). 9, 10 Put the clock on - it's time for robbery and economy (8,6). 11 Dramatist using wood and feathers? (8). 12 Worm in the water takes roter to hell (6). 14 Manufactured round, square-shaped as a disguise (10). 16 Non-U vulgar pun, a triangular growth on one that goes straight up (6,4). 22 Nasty people give one a nasty feeling (6). 23 Horseshoe for outstanding actors? (4,4). 24, 25 Change of welfare, cruel to another like oneself? (6,4). 26, 27 Secure policeman's motto when going back into bed (6,4).

Solution 9100. GATACACTY DAMSON... Solution 9089. QUESADILLA... WINNERS 9,089: P.D. Milner, Bradford; Keith Robson, Solihull; Mrs W. Morrison, Halesbury; G.V. Byrne, Dublin; Pamela M. Dickens, Petersfield; Paul Turry, Bury.

Sporting Profile

Ivanisevic expects to play all the aces

John Barrett meets the Croatian who hopes to win Wimbledon

He threw down the cards on the table and stormed out of the room. Goran Ivanisevic does not like losing, particularly to his mother and father. Gorana and Srđjan turned towards Goran's deserted card partner, Vedran Martić, and smiled.

Ivanisevic's new coach was used to his moods and they all knew that the storm would blow itself out. A game of *briskula* or *briska* with the family was a good way for him to relax on the eve of an important final.

Earlier that day in Key Biscayne, Florida, Ivanisevic had played with authority to beat the world No 1 Pete Sampras in the semi-finals of the Lipton Championships, the fifth largest tournament in the world behind the four Grand Slams. On the morning, the 6ft 5in Croatian would launch his left-handed thunderbolts against Andre Agassi in his seventh final of the year.

This re-match of the 1992 Wimbledon final never took place. At least, only three games took place, all won by Agassi. Even by that early stage Ivanisevic realised that the stiff neck which had inhibited his movement since he had woken up that morning, would not improve.

"That was pretty bad. I thought I had a good chance to beat Andre. I had beaten Pete and Michael [Chang]... he would be the third American. But I couldn't move my neck. I was very sad. It was a big disappointment." So there would have to be sessions of treatment and training back home in Split.

It was in this picturesque Croatian seaside town that Ivanisevic was born 24 years ago, in the days when the region was part of Yugoslavia. Although he maintains an apartment in Monte Carlo to establish residency for tax purposes - he has earned more than \$12.5m from official prize money since he turned professional in 1988 - his roots are deeply planted in Croatia.

Ivanisevic's father, a lecturer at the Electrotechnical Faculty of Split, is conscious of the family's historic links with this troubled part of the world. "We have been here for as long as anyone can remember," he says. "Split is 1,700 years old and was a Roman city. Diocletian built a palace here. My grandfather was fighting for Austria in the war and my grandmother's family were Croats who had settled in this part of Dalmatia years before. Always we were a western culture, never eastern. But the new war is a very bad experience. The other communist countries like Czechoslovakia split peacefully. But Yugoslavia was different. It is still very difficult."

In response to the situation, Goran Ivanisevic has been known to spend his tournament winnings on medical supplies for the region. Last year he launched the Children In Need Foundation in Split to help war orphans.

These past two years Ivanisevic's thoughts have also been with Daniela Mihalic, a hotel management student at the University of Opatija, who is his companion when she is not studying or modelling. It is a stable relationship that has been an important part of maturing.

Ivanisevic's patriotism was sharply focused during the 1992 Olympic Games when he carried the Croatian flag at the opening ceremony. He had competed at the Olympics for the first time in Seoul four years earlier, representing Yugoslavia. But his quarter-final finishes in singles and doubles, although outstanding

performances for a 16-year-old, had left him without a medal. In Barcelona he was determined to make amends.

I was there to see him win four consecutive five set matches in the broiling heat to reach the semi-finals - a feat never before accomplished in first-class tennis. It was a heroic achievement on the ultra-slow red clay but it left him too exhausted physically and mentally to offer much resistance to the eventual winner, Marc Rosset of Switzerland. But Ivanisevic's bronze medal meant more to him than any tournament title could have done. He had become the first and only medal winner for the new republic. As the Croatian flag rose his tears of joy spoke more eloquently than words.

Competitiveness was always part of his nature, acquired sub-consciously perhaps from watching the players at the Split tennis club from his bedroom window. "It is amazing," says his father. "Our house was next to the club and within 1 mile were also born two future Yugoslav champions, Zeljko Franulovic and Nikk Pilic, the present captain of Germany's Davis Cup team."

Srđjan Ivanisevic had tried to interest Goran's older sister, Srđjana, in tennis but failed. Goran, though, even at the age of six, was always pestering his father to take him to the club. "So one day I did. I told him to hit on the practice wall while I went off to play my game. After two hours he was still there hitting his backhand like now but also trying to perform his forehand with two hands. That is the only thing I had to show him."

Even when he was a little boy Goran was very, very ambitious," says Srđjan. "He was the champion sprinter three years in a row for all the schools in Split, he played football and basketball and at tennis he became the Yugoslav junior champion in every age group from 12s to 18s. He always wanted to be the best but, like [John] McEnroe, he was a perfectionist and they always suffer. Once he was leading 6-0, 5-0 against a club player and missed a volley by a couple of inches. He was so mad he lost the next five games and lost the set."

These highs and lows have been a consistent part of the Ivanisevic story. Never the No 1 junior in the world, Ivanisevic would occasionally produce an eye-popping performance that suggested future greatness. His defeat of the No 2 seed Boris Becker in the first round of the 1990 French Open was sensational. The swinging left-handed serve had already become Lethal Weapon One and his fierce groundstrokes were simply too powerful for the three-time Wimbledon champion.

In February 1991, with the intention of acquiring mental discipline, the lack of which had so often marred promising performances, Ivanisevic ended his relationship with Balazs Taroczy, his Hungarian coach. He turned instead to Bob Brett, a tough Australian, who had just parted amicably from Becker after the German's success at that year's Australian Open.

Brett was a disciplinarian of the Harry Hopman school. For a while it seemed that the partnership would flourish. Ivanisevic became fitter and more purposeful. His defeat of Stefan Edberg at Wimbledon in 1992 and his monumental five-set battle with Agassi in the final suggested that his talent was at last maturing.



Two years later he was in the Wimbledon final again but found Sampras too strong on the day. In spite of a short spell as the world No 2 there was still doubt about Ivanisevic's mental strength. Too often he would snatch defeat from the jaws of victory.

By the autumn of 1996 Brett had decided it was time for a change but he had not yet told Ivanisevic. "I couldn't win a match. We came to Essen. I practised a lot and lost that day to Sinner. Then we played doubles until 2 in the morning. I lost the match so he said to me, 'OK 8 o'clock practise in the morning'. I said, 'I'm not going to practise because practise or no practise I cannot beat anybody.' Next morning he called me to say he wants to talk to me and I came to his room and he showed me a statement he wrote. I was shocked. I almost got heart attack. Then I was not any more sorry, I knew it's over."

The shock of being on his own seemed to release Ivanisevic from his inhibitions. There was no one to tell him how to play. At last he had to work things out for himself. With his talent allowed free expression, he stunned everyone by winning the

Compaq Grand Slam Cup with its first prize of \$1.625m.

What should he do about a coach? On the trip home from Munich he remembered Vedran Martić, an old friend from his junior days at the Split Club.

He contacted him and the new partnership enjoyed immediate success. Ivanisevic reached the final in six of his first seven tournaments this year and won the four titles in Zagreb, Dubai, Milan and Rotterdam to lift his career tally to 16. It was the most consistent spell of his career.

As he reflected on that period, Ivanisevic's eyes were dancing. He says: "It's great. We have so much fun. We practise serious, we sometimes have fun on court. We play lots of shots I didn't play too much before and that's why I'm hitting those balls much better - especially forehands down the line which I used before every fifth month...now I am using a lot. With this new coach I improved a lot of those little shots which I missed before."

"I know what is my priorities...I am more focused. I am more calm on the court - everybody is surprised how calm I am. Most of all I'm

enjoying myself, that's why I'm playing better," says Ivanisevic.

There is no doubt who is responsible for the change.

"Everyone asks if Vedran is my brother. They say 'You look the same'. But he is my brother, my coach, my friend, everything. A lot of coaches they are just there because they are paid to be there. I didn't want a coach like that. I think for good relations you have to be good friends which I manage to be with Bob, his wife and his kids these 4½ years and with Vedran I was friends for 15 years so that's helped."

Despite the blistered left foot which contributed to Ivanisevic's defeat at the French Open after three fruitless rounds, he will be regarded in the locker room as the man most likely to topple Pete Sampras from his Wimbledon throne in the next two weeks.

With Martić and Daniela Mihalic sitting at court-side, plus the greatest left-handed serve in the history of the game, vastly improved groundstrokes and a new outlook on life, Ivanisevic has all the aces. If he plays his cards right he will at last walk off with a Grand Slam title.

Peter Aspden

Wolf Man exposed



It seems there is the mother of all academic rows - or perhaps that ought to be phrased more delicately - developing over the explosive founder of psychoanalysis, Sigmund Freud. An exhibition which was due to celebrate the centenary of the founding of the discipline at Washington's Library of Congress has had to be postponed until 1998 after protests from those who believe his ideas to be fatally discredited.

The row has passed largely unnoticed in Britain, but French and American academics have been hurrying allegations back and forth with furious abandon. This is hardly surprising. French intellectuals have always considered it chic to send pompous petitions around the world, while their American counterparts earnestly engage in whatever debate happens to be going.

Moreover, it is these two nations which have most enjoyed, if that is the right word, the great man's legacy. It is in French universities that psychology has spawned its most distinguished theoreticians, while Americans are never happier than when practising the opaque arts of analysis.

But forget for a moment these rarefied spats. Freud's vocabulary is in any case deeply embedded in our collective conscience.

Our everyday conversation is littered with casual references to repression, desire, neurosis, narcissism. We pronounce people we hardly know as anally repressed, as if they had a touch of flu. Freudian slips, phallic symbols, the glib interpretation of a troubling dream: all have become common currency in our attempts to understand ourselves.

But what if it is all based on a mistake? The protesters who have campaigned for the Freud centenary exhibition to be postponed believe much of the man's work to be so scientifically unsound as to be virtually worthless. More specifically, they are demanding the lifting of an embargo which prevents some of the Freud archives from being viewed until well into the next century.

These archives, they claim, contain crucial evidence that the discipline of psychoanalysis was fundamentally flawed in its conception. In his detractors' eyes, Freud was a ruthless opportunist who did not hesitate to distort evidence in support of his theories. His work might have held a superficial appeal for its vitality, but it was bad science. The implication is - should we really be celebrating at all?

But whatever the details of Anna O. Dora, Wolf Man and the rest of Freud's startling cast of characters, even his detractors admit that Freudianism's hold on modern sensibility is very strong indeed. So some kind of explanation is needed. Why have we all fallen for it?

It is surely something to do with the awfulness of the times in which we live. Freud knocked at the door of the 20th century with a message we did not want to hear - that our impulses were sometimes primitive, base, atavistic; and that sometimes they caused us to perform hideous acts. We did not want to hear because we were shrouded in the semi-divine myths of Romanticism and the Enlightenment. Just keep listening to Mozart, and celebrate all that is great about mankind.

But Freud turned Cherubino from a harmless cross-dresser to a seething bundle of psycho-sexual contradictions. Along with his cohorts, Marx and

Freud turned Cherubino from a harmless cross-dresser to a bundle of psycho-sexual contradictions

Nietzsche, he darkened the palette from which humanity's portrait would be painted.

And as the century wore on, we found it increasingly difficult to discover any brighter hues: the first world war, the concentration camps, ethnic cleansing, child abuse, terrorism. There must have been some terrible, hidden reason that man could do this to fellow man; and Freud had provided at least a plausible account.

In truth, many of Freudianism's least convincing aspects are already ridiculed by the general population. In his journey from Viennese leather couch to Californian palm tree, the more dubious rituals of psychotherapy have ventured beyond parody. Witness popular culture's favourite practitioner, television's Frasier Crane, who is so bound in jargon and pomposity that he cannot make a relationship work for longer than five minutes.

Freud himself pronounced psychoanalysis to be "an impossible profession"; he also confessed that he could do no more with his patients than turn neurosis into "common unhappiness". He is, whatever his critics allege, the undisputed father of an uncommonly sad century.



James Morgan

Eurosceptics and the truth

Why there was stiff competition for this year's Bretherton Prize

The Bretherton Prize committee had an immensely tough job this year. Russell Bretherton was the British diplomat who attended the Messina conference in 1955 which ushered in a European common market. He lusted after the prize that there would be no agreement, and if there were, it would not be ratified and if ratified, it would not work. History in the end got it wrong, but the prize that is given annually in Bretherton's memory goes to whomever gives the best account of the so-called "European project". The choice was unusually tough this year because of the wealth of candidates who proved that the EU had no

achievements to its credit and existed solely to wipe out British sovereignty and beef. But in the end the prize went to *The Spectator* and its editorial of a week ago entitled "The European Mind". It had the authentic Brethertonian touch - a perfect understanding of the delusions which affect those who believe in the European dream and the knowledge that only British sceptics possess that understanding. The central tenet of this magisterial thesis was neatly encapsulated: "The continental west Europeans believe that they are prosperous, and at peace with one another for a longer time than any in their previous history, because they formed, first, the Common

Market and then the European Union. "British Eurosceptics point out that Germany, France and Italy and the Low Countries were already more prosperous than they had ever been before the Common Market was formed. As for peace, France, Germany and Italy stopped warring with one another because of a common danger: the Soviet Union." This reflects Bretherton's view, contradicted only by the facts, that no significant moves towards integration took place before the common market was formed. There is a minor problem in that France, Germany and Italy started a second world war even though the Soviet Union was seen as dan-

gerous by many in charge of those countries. Once again, history failed the test. The rest of the piece showed how British Eurosceptics could come to terms with the pathological inability of their neighbours to recognise the truths which are so blindingly obvious on the British side of the Channel. Sympathy tinged with contempt is the answer. Such insights do not always enjoy the recognition they deserve outside Britain. This has been spotted by Helmut Alleswiser who runs the Alleswiser-Stiftung, a foundation which undertakes research in European politics. Recent studies include: Public Administration - The Foundation of the Italian Economic

Miracle; Cost Control in France; and The English Way to Animal Husbandry. By coincidence its latest survey is entitled *The British Mind*. Here is an important section: "The popularity of the multinational billionaire Sir Jimmy Goldsmith among the members of the so-called Eurosceptic Conservative party comes as no surprise in his recent book, *The Trap*. Sir Goldsmith calls for the creation of a Fortress Europe which will put an end to the job-destroying imports of cheap 'Yellow-Peril' products that are so undermining of European industry and civilisation. It was the Conservative party that tried to put an end to Manchester Free Trade princi-

ples at the turn of the century under the leadership of Joe Chamberlain, whose son was so close to Hitler." Alleswiser concludes: "The favouring of inner-European trade, the single market and the all-encompassing, Goldsmith-inspired opposition to the single currency, is typical of English pragmatism. It is up to us Continentals to understand this phenomenon and come to terms with it." Alleswiser may seem to be a mirror image of *The Spectator*, but of course there is no mirror image of omniscience. Alleswiser does not, and could not, exist. James Morgan is BBC World Service economics correspondent.

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Weekend Investor

Wall Street

Lost in cyberspace with a Motley Fool

Lisa Bransten hears the electronic cries for help as technology takes a tumble

A desperate plea bounced through cyberspace on Tuesday as shares in Iomega, the US computer disk drive company, slid by \$10 1/2 to \$28 1/2 for no apparent reason. "Is there reason for concern here that some of us don't know about? HRL!!!!!"

That cry, put out over the Motley Fool online investment site on America Online, was echoed across Wall Street as technology shares continued the tumble that sent the Pacific Stock Exchange technology index 7 per cent lower so far this month. By early Friday, the Nasdaq composite, which is about 40 per cent technology shares, had lost about 6.5 per cent from its record high set on June 5.

Despite a modest bounce in the Nasdaq by midday Friday, a large chunk of the gains made over April and May had been all but erased while indices of larger capitalisation shares managed to hold their ground. That marked a reversal of the trend in April and May, when the Dow Jones Industrial Average crept up just 1 per cent and Standard & Poor's 500 added 4 per cent, while the Nasdaq gained 13 per cent.

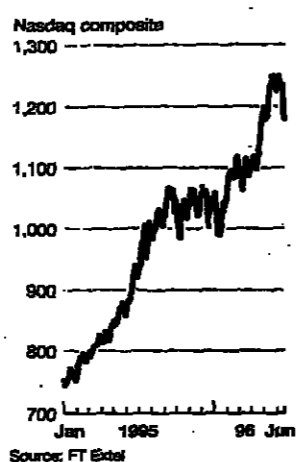
In some respects, Iomega is different from other technology companies in that it has attracted a cult-like following known as the Iomegans, who visit the Motley Fool online site regularly and are widely believed to have contributed to the company's astronomical valuation. As of early on Friday, shares in the company were trading for nearly 100 times annualised earnings, well off its mid-May valuation of 18 times earnings.

But Iomega is far from being the only hot technology stock with a triple digit price/earnings ratio and, like the others, it has benefited from momentum investors and vast inflows to mutual funds focused on technology and smaller capitalisation companies.

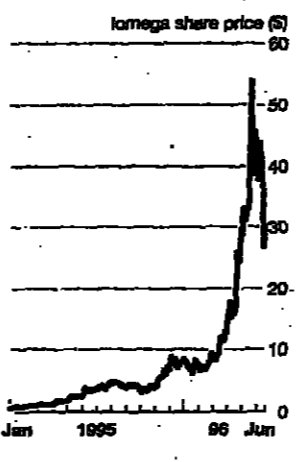
As if the prove that inflows to small cap funds are getting out of hand, mutual fund company T. Rowe Price closed its New Horizons small cap fund, to new investors on Tuesday because it was getting more money than the managers could invest. Flows reached an average of \$10m a day in May, \$700m in the first five months of this year compared with \$27m for all of last year.

To some the closing is an

Pulling off the froth?



Source: FT Extel



Source: FT Extel

ominous sign: New Horizons, which was founded in 1960 and is considered the "granddaddy of small cap funds" has only been closed twice before - 1967 and 1972 - just as the market entered a bear phase.

But Steven Norowitz, a T. Rowe spokesman, says that in the past the fund was closed because small cap stocks were considered overvalued. This time, he says, "we still think there's some attractive growth in that area but we couldn't invest the money as fast as it was coming in."

Part of the reason for this week's setback may be that the gusher of new money is slowing. According to AMG Data Services, which tracks mutual fund flows, there were net redemptions of \$96m in technology funds and \$112m in small cap funds for the week ended in Wednesday. That marks a sharp reversal of the average inflows of about \$170m and \$1.1bn into tech and small cap funds respectively near the end of May.

Also, a spate of warnings about weak quarterly earnings from technology companies worried investors about whether their shares could hold on to their astronomical valuations.

For example, Read-Rite, which makes components for personal computers, rattled the PC sector on Wednesday by announcing that it expected earnings to drop in its third quarter because some of its customers had cut or rescheduled product deliveries. On Thursday, Advanced Micro Devices, which makes microprocessors, warned that it expected to make a second quarter loss in part because of

falling prices on some memory chips.

All of this may be a healthy retreat of an overvalued sector, say analysts. "It is pulling off the froth and the excess," says Lazzio Birny, president of Birny Associates, an equity research firm. "It may be indicative of some of the illogic being squeezed out of the market."

L. Keith Mullins, director of smallcap research at brokerage Smith Barney, says a correction of as much as 15 per cent is not unlikely because the volatile stocks tend to swing wide of equilibrium in both directions. "The reason the stocks are off so hard is that they had gone up so fast and there was a lot of greed built into the valuation," he says. "It's just a gravitation back to the mean."

These nerves have not hurt companies that have managed to keep up with the high expectations of investors. On Friday, shares in Oracle jumped nearly 6 per cent after the software company announced earnings that were 2 cents a share ahead of analysts estimates.

And, if the chatter on Motley Fool is to be believed, it certainly has not scared off singled Iomegans. By midday Friday the shares had rebounded to \$30 1/2, and there was much bragging in the chat rooms that the slump had been used as a buying opportunity.

Dow Jones Ind Average

Monday	5,652.78 + 3.33
Tuesday	5,625.81 - 26.97
Wednesday	5,648.35 + 20.32
Thursday	5,659.43 + 11.08
Friday	

London

Jazza out-jinks the Guv'nor

Philip Coggan is concerned for our traditional game

Well, you join us at an exciting stage of the Euro stock markets '96 tournament, with the United Kingdom facing yet another tough challenge.

"Yes, Brian. It's been yet another poor performance so far from the British team. By June 14, the FTSE 100 Acquires UK index was up just 2.5 per cent on the year, compared with a 10.6 per cent rise in Germany, 15.4 per cent from the Netherlands and a flamboyant 18.7 per cent from the Spaniards."

"Just what has been happening to our traditional game of making money, Trevor? Didn't the whole stock market business get developed in the UK?"

"It's certainly one of our great sports, Brian. But the press have really been getting at our team, saying that our corporate chief executives and City professionals are over-paid. And there are even reports that share traders go out drinking during the day."

"I find that hard to believe. It's got to raise questions about the manager's leadership."

"Yes, he's been dogged by the sleaze factor all through his stewardship. And some people think he's over-dependent on his star player, Ken 'Jazza' Clarke."

"Well, Trevor, the lad is certainly overweight and he's been pictured in the press enjoying a pint and tapping his feet to some Chris Barber standards. But he does have some crowd-pleasing skills."

"I think everyone will remember that moment of magic two weeks ago when he sidestepped Eddie George, the iron man midfielder nicknamed 'The Guv'nor', and made the crowd roar with an interest rate cut."

"Quite remarkable, Trevor. But is he getting too old and slow? It certainly does not look like he can pull off his traditional tax-cutting tricks."

"No, Brian, this week's numbers on the public sector borrowing requirement were dis-

appointing. The deficit was £3.2bn in May, or £4.3bn if you exclude the proceeds from the privatisation of Railtrack. It looks like the government is going to overshoot its £22bn forecast for the year. A tax cut might be an own goal."

"That wasn't the only surprising statistic of the week. Retail sales fell by 0.1 per cent in May, when everybody was expecting them to rise. What with the weak Confederation of British Industry survey yesterday, the engine room of the UK team is looking like it's run out of steam."

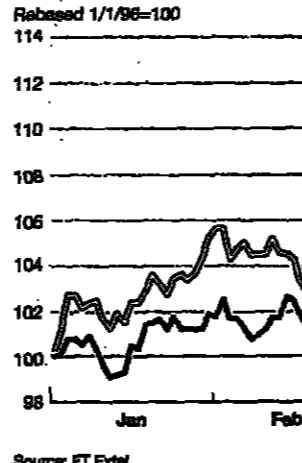
"Yes, Brian, and as if they didn't have their own problems, the team faces a real threat in this tournament from Germany."

"I couldn't agree with you more, Trevor. The weakness of the German economy has been hampering our exporters but, having said that, this week's M3 money supply figures were so strong that I don't think the Bundesbank will allow a rate cut. Falling interest rates are



Confounding: can the UK market rally like the England team?

Losing to the Euros in '96



Source: FT Extel

Highlights of the week

	Price	Change	52 week	52 week
	1/1/96-100	on week	High	Low
FT-SE 100 Index	5722.3	-31.3	3857.1	3282.7
FT-SE Mid 250 Index	4440.7	-23.9	4568.6	3583.7
Cable & Wireless	427	+12	554	405
ERF (Hides)	307	+21	340	175
Granada Group	878	+32	876	595
ICI	613	-29	959	725
JJB Sports	850	+35	888	311
Johnson Matthey	828	-21	684	510
Mersey Docks	379	-33	486	358
Securicor	289	-14	318	288
Slebe	916	+28	919	602
Smiths Industries	683	+14	722	504 1/2
Southern Electric	715	+30	910	571
Southern Water	1007	+24	1023	593
Unilever	1272	+31	1377	1172 1/2

Seasonal drift
In step with leaders
Broker 'buy' note
Counterbid hopes
Kleinwort positive
BZW downgrade
Bumper sales figures
Stock overhang
Labour dispute
Profit-taking
US analyst's visit
Boeing to lift capex
Share buy-back hopes
Scottish Power bid
Broker recommendations

one of the factors that really motivates these markets."

"And what about the threat from the US? There have been some worrying developments there, which we can hear about from Jimmy in the studio half time report."

"Thank you, Trevor. Our half time statistic comes from David Schwartz, the author and publisher of the Schwartz Stock Market Handbook. He points out that the S & P 500 index fell for eight trading sessions in a row up to Wednesday. That has only happened to the US market on 18 occasions since 1935. Four of those occasions were at the end of bear market and 11 of the others were associated with a significant downturn."

"The UK team tends to struggle when the news is bad from across the Atlantic. So it does not look good for the second half of the year. Now over to Alan for the transfer news."

"Thanks, Jimmy. Well, it's good news for Scotland for a change. The Scottish Power team secured the services of Southern Water in a £1.67bn transfer deal this week. Their offer was just too much for a rival bid from Southern Electric. But why didn't the water company put up more of a fight? It's just terrible, terrible defending. In my day..."

"Yes, er, thank you, Alan. Takeovers certainly bring money into the game and the markets will be hoping for some more deals over the summer. But now back to the stadium where Brian and Trevor are looking ahead to the second half of the year."

"Welcome back. Despite an unpromising start to the tournament, investors will be

cheering on the UK market and hoping it can outperform the Europeans from now on."

"Like Spain?"

"Exactly, Trevor. But I am a bit worried about the 4-4-2 formation."

"Yes, a dividend yield of less than 4 per cent, a real yield on index-linked gilts of nearly 4 per cent, and a bond-equity yield ratio of over 2. Those statistics don't make the market look cheap."

"Can't be good news for the manager. There are plenty of rumours that he'll shortly be replaced with a fresh-faced young Christian with a reputation for disciplinary methods - Tony 'Hodde' Blair."

And maybe the team will do better without him. Tony is rumoured to like the more sophisticated continental style, with their advanced concepts such as monetary union."

"Yes, but it's a game of two halves, Trevor. Gilts would be over the moon if the UK joined up for EMU but equities would be sick as a parrot about Tony's proposals for a minimum wage, acceptance of the Social Chapter and, possibly, a less favourable tax treatment for dividends."

"But some people still hope that, if the current manager can pull off a winning performance in Europe, he will have to be given another term."

"It's wide open, Trevor. But what's happening now? There seems to be some activity amongst the crowd."

"Yes, Brian. Some people have reached the bottom of the page. They think this article's all over."

(It is now. Ed.)



Barry Riley

French leave for shareholders

La vie du sol may not be all it is cracked up to be

It may be still called Sun Life, but the life insurance company which is to be listed on the London Stock Exchange as from next Monday is subtly different from the Sun Life that disappeared from the market in 1991 after a messy takeover struggle involving Liberty Life, a South African group which eventually dropped out of the picture, and UAP, the big French insurance company.

After all, Sun continues to be a subsidiary of UAP. Like many French companies, UAP is seriously burdened with debt and so is selling off part of the equity of its British subsidiary. Note that it is retaining control: the high valuations in the UK stock market are clearly attractive to the French, but not the market in corporate control that underpins those ratings.

The new Sun Life will therefore be an uncomfortable hybrid in terms of French and British corporate governance practices, although the prospectus gives an assurance that the majority of the board will at all times be independent of UAP.

Continental European practice is to regard corporate control as too important an asset to be at the mercy of mere public shareholders. It is true that even the British government has dabbled with "golden shares" which have for a time given it continuing

rights to block the takeovers of various privatised companies. The French have pursued a different concept of *loyaux durs* (core shareholders), big companies which protect each other.

A good part of the strength of Continental stock markets in recent months - including the near-25 per cent rise in the French market since last October - can be explained by the signs that these protective practices are breaking down and there is at last more hope of extracting underlying "shareholder value".

Just how different France remains to Anglo-Saxon eyes became clear this week, however, when the French industry minister Frank Borotra rejected a plan by the troubled appliance manufacturer Moulinex to restructure its activities. A scheme to close two plants and dump 2,100 French workers on to the social security system was described as unacceptable.

Historically, public shareholders have not counted for much in countries such as France and Germany, which is a good reason why there are so few of them - apart from banks, and other corporate investors, who may gain commercial benefits from their shareholdings. So when these countries attempt to privatise massive businesses - such as Deutsche Telekom, due to be floated this autumn

- the shortage of domestic investors implies that there has to be a big participation by foreign shareholders, who will not, however, submit quite so meekly when their interests are ignored.

Nevertheless there is entrenched opposition to Anglo-American "short-termism", involving the

The possibility of New Labour in power has begun to affect investor confidence

permanent threat from prowling predators and constant pressure from investors to feed them with ever-higher dividends. This is not creative tension, say the Continentals, but is destructive of long-term commitments to other stakeholders in society.

Recently, though, the relative buoyancy of the American and British economies, and their evident ability to cope better in a period of rapid change, involving the development of global trading and the introduction of advanced technologies, has put the Continentals on the defensive. Earlier this month

McKinsey, the US management consultants, attacked with a claim that the bracing US business environment leads to much greater capital productivity, and therefore to better financial returns. The US makes its capital work about 50 per cent harder than do either Germany or Japan.

Although the UK has been firmly in the US camp in this debate for many years, the possibility that New Labour - which has dabbled with stakeholder theories - could assume power within the next year has begun to affect shareholders' confidence. This is partly because they fear higher dividend taxes but also because they worry about curbs on takeovers and corporate restructuring.

New Labour is, in fact, about to launch a policy document provisionally called *A New Industrial Policy for Britain*, which apparently will come out as soon as it can be backed down from 6,000 to 3,000 words.

Brevity is a virtue, but not as great a one as clarity. My briefing this week suggested that there will be a stark contrast between its initial emphasis on voluntary co-operation, and an eventual threat of new legislation - in Year Two rather than Year One of the next parliament. To begin with British companies will be invited to set up optional supervisory boards

which will embrace inclusive stakeholder concepts involving employees, local communities, suppliers and customers. Companies and institutional investors will be invited to observe various codes of conduct, covering aspects ranging from executive pay to the selection of non-executive directors. Pension fund trustees may be expected to use long-term criteria in judging their investment managers.

Investment institutions will be required to vote on all important issues and resolutions, and will be expected to disclose their voting records. If these edicts are not widely complied with, legislation will follow. In fact a new Companies Act is likely to be launched eventually in any case. The question is how the enforcement of practices approved by New Labour will be allocated between the three categories - of statutes, of formal codes of conduct or of plain exhortation.

The soothing political gloss on all this is that different stakeholders will all be better off if they work together: there need be no clash between shareholder value and stakeholder value. In a fast-growing economy this may indeed be largely true. But when the chips are down and a few thousand workers have to go, not everybody can win. *La vie du sol* may not be all it is cracked up to be.

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